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ABSTRACT

Critical to the success of current efforts to reform and restructure education and other community supports and services to improve the lives of children and their families is the way in which they are financed. This report of The Finance Project presents an overview of eight initiatives that have overcome some of the barriers created by turf issues and rigid categorical funding streams by bringing funds together across programmatic lines to support the development of more comprehensive community-based services. Information is based upon telephone interviews with key contacts, review of documents provided by the contacts and a general literature review, and follow-up interviews with state or county staff. Following an introduction, the report describes four approaches to reform: (1) state support of local collaboratives; (2) state polling of out-of-home care funds; (3) state initiatives as locally driven; and (4) pooled funds for multi-agency children. The report follows with profiles of initiatives in Missouri, West Virginia, Virginia, Maryland, Iowa, California, Ohio, and Oregon which illustrate the above approaches to reform. The report maintains that the central strength of the initiatives is that they have provided opportunities for interagency collaboration, which help build interagency understanding and willingness to work together. Another strength of the initiatives is their appeal to ideologues on both ends of the political spectrum. The report concludes with a list of issues to be considered further. Three appendices include descriptions of other initiatives, contact information for the profiled initiatives, and a resource list. Contains 16 references. (KB)

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FINANCING STRATEGIES TO SUPPORT COMPREHENSIVE, COMMUNITY-BASED SERVICES FOR CHILDREN AND FAMILIES

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THE FINANCE PROJECT

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FINANCING STRATEGIES TO SUPPORT COMPREHENSIVE, COMMUNITY-BASED SERVICES FOR CHILDREN AND FAMILIES

March 1997

By Mary M. O'Brien
National Child Welfare Resource Center
for Organizational Improvement

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THE FINANCE PROJECT
1000 Vermont Avenue, NW
Washington, DC 20005
202-628-4200
Fax: 202-628-4205

THE FINANCE PROJECT

ABOUT THE AUTHOR

Mary M. O'Brien is an independent consultant affiliated with the National Child Welfare Resource Center for Organizational Improvement in Portland, Maine.

PREFACE

Public financing for education and an array of other children's services has become a topic of significant interest and political concern. Growing skepticism among a critical mass of American voters and taxpayers has fueled doubts about the ability of government to solve social problems and provide basic supports and services that enhance the quality of life in their communities. Voters want more for their money. They want more and better services, but they also want balanced budgets and cuts in income and property taxes. In this time of big public deficits, they want government at all levels to operate more effectively and efficiently. They also want it to invest wisely and live within its means. On Capitol Hill in Washington, DC, and in statehouses nationwide, policymakers are scrambling to respond.

Across the country, there is mounting evidence of efforts to reform and restructure education and other community supports and services in order to improve the lives and future prospects of children and their families. Critical to the success of these initiatives is the way in which they are financed. How revenues are generated and how funds are channeled to schools, human service agencies, and community development initiatives influence what programs and services are available. It determines how they are provided and who benefits from them. Financing also affects how state and local officials define investment and program priorities, and it creates incentives that guide how educators, other service providers, and community volunteers do their jobs. For these reasons, financing fundamentally affects how responsive programs and institutions are to the needs of the people and communities they are in business to serve.

In recent years, several blue ribbon commissions and national task forces have presented ambitious prescriptions for reforming and restructuring the nation's education, health, and human service systems in order to improve outcomes for children. While some have argued that public financing and related structural and administrative issues are critical to efforts to foster children's healthy development and school success, none has been framed for the specific purpose of inventively reconceptualizing public financing. Indeed, many of the most thorough and thoughtful reports have called for an overlay of new funds, but have neglected to provide cogent analyses of effective financing strategies, the costs of converting to these approaches, and the potential beneficial outcomes that might accrue from addressing financing reform as an integral aspect of program reform.

In addition, the past several years have witnessed a burgeoning of experimental efforts by mayors and city managers, governors and state agency directors, legislators and council members, program managers and school officials to make government work better and more efficiently. They have been enhanced by the work of people outside of government, including foundation executives, business and labor leaders, community organizers, and academic scholars. Some are creating new ways to raise revenues, manage schools, deliver human services, and spur community economic development. Others are designing new public governance and budgeting systems. Still others are developing and testing new approaches to more directly involve citizens in setting public priorities and maintaining accountability for public expenditures. Taken together, these efforts suggest the nascent strands of new and improved public financing strategies.

Against this backdrop, a consortium of national foundations established The Finance Project to improve the effectiveness, efficiency, and equity of public financing for education and an array of other community supports and services for children and their families. The Finance Project is conducting an ambitious agenda of policy research and development activities, as well as policymaker forums and public education. The aim is to increase knowledge and strengthen the capability of governments at all levels to implement strategies for generating and investing public

resources that more closely match public priorities and more effectively support improved education and community systems.

As a part of its work, The Finance Project produces a series of working papers on salient issues related to financing for education and other children's services. Some are developed by project staff; others are the products of efforts by outside researchers and analysts. They reflect the views and interpretations of the authors. By making them available to a wider audience, our intent is to stimulate new thinking and induce a variety of public jurisdictions, private organizations, and individuals to examine the ideas and findings they present and use them to advance their own efforts to improve public financing strategies.

This paper, *Financing Strategies to Support Comprehensive, Community-Based Services for Children and Families*, was prepared by Mary M. O'Brien, in affiliation with the National Child Welfare Resource Center for Organizational Improvement in Portland, Maine. It was originally published by the Resource Center as part of its mission to strengthen the management capacity of publicly administered and supported child welfare agencies. It is being reprinted by The Finance Project to make the information it presents about child and family services available to a wider audience.

As policymakers in the different worlds of social services, education, mental health, and health try to develop more coordinated systems of care for children and families, "turf" issues and rigid categorical funding streams can create insurmountable barriers. This paper presents an overview of eight initiatives that have overcome some of these barriers by bringing funds together across programmatic lines to support the development of more comprehensive community-based services. This discussion of financing and systems reform draws lessons from the bold and promising experiments that states and counties around the country have implemented to improve services for children and families.

Cheryl D. Hayes
Executive Director

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INTRODUCTION

This paper highlights a series of bold and vigorous reform initiatives in which state and county governments are working to change the financing of child and family services to support the development of more comprehensive, community-based services. Common features characterize all these initiatives—collaboration across department lines, funds from two or more traditionally separate programs brought together into a pool and made more flexible, and pooled funds made available to local collaborative entities. Visionary leaders at these sites have seen and acted on the need to transform services from ones that are fragmented and crisis-oriented to ones that are coordinated and more preventive. Fundamentally, they are aiming to shift systems to assure that what is available to families is driven not by the funding streams available, but by what the child and family needs. As part of this shift, they are moving authority to make decisions about services from public bureaucracies to collaboratives that have come together on the local level to improve services for children and families. These reforms require leaders and staff to come together across department lines, as they are being urged to do by a number of initiatives within categorical areas—including the federal Family Preservation and Family Support Act in child welfare, the Child and Adolescent Service System Project (CASSP) and the more recent Center for Mental Health Services grants in mental health, and the Goals 2000 project in education. Those involved in these reforms often quickly come up against daunting barriers, the most significant of which seem to be turf issues that make players reluctant to work together, and separate and rigid funding streams that define the boundaries of programs. The information in this paper is designed to help those who want change to learn from those who have overcome these barriers and developed successful approaches to reforming their systems of care for children and families.

We selected sites to highlight through a process that involved a literature search, discussions with experts, and initial conversations with state and county staff. It became clear that there are a number of approaches being used around the country. We discuss four approaches in this paper, describing two initiatives using each approach. Three of these approaches are distinguished by the scope of the population and the funds they are working with, and one is defined by the degree to which the initiatives are locally driven.

In the first approach, states support local collaboratives in efforts to achieve more integrated services for the broad population of children and families. Local collaboratives determine what services to work on, and states provide support by redirecting a wide range of existing funds. Missouri's Caring Communities program and West Virginia's Family Resource Networks are examples of this approach.

In the second approach, states pool out-of-home care funds from across departments and provide those funds to local collaboratives to support the development of community-based services for children who are in or at risk of out-of-home care. Both Virginia, under the Comprehensive Services Act, and Maryland, under Systems Reform, have implemented this approach statewide.

In the third approach, states aim to achieve goals similar to the first two approaches, but the initiatives are locally driven. Under Iowa's Child Welfare Decategorization Projects, the state has allowed local collaboratives to use out-of-home care funds and related service funds from child welfare and juvenile justice to develop community-based services. Unlike Virginia and Maryland, however, Iowa's decategorization projects are only fully implemented in localities where collaborative bodies have formed and come forward to apply for participation. Under California's Youth Pilot Project, the state supports local collaboratives working broadly for more integrated services in six counties. To a greater extent than Missouri and West Virginia, however, California permits counties to determine what funds will be pooled, and attempts to create those pools on a county level.

In the fourth approach, states and counties pool funds for multi-agency children, focusing on a small number of children. Franklin County, Ohio's Kids In Different Systems (K.I.D.S.) project and Multnomah County, Oregon's Partners Project are examples of sites where funds have been pooled across agencies to provide child and family-centered and community-based services to a specific group of high-need children.

The first section of this paper, *Financing Strategies*, describes these four approaches and provides summary descriptions of two initiatives using each one. This section also provides some observations about the specific financing strategies these sites are employing. Planners in these initiatives are redeploying current resources—or taking funds currently being spent and shifting them so they are spent for a different purpose, for different clients, or by different people. They are also developing new resources, both by maximizing federal entitlements and by obtaining other investments into child and family services. The section lists out some of the funding sources that have been redeployed, and some of the strategies used to make funds more flexible. It also briefly lays out approaches being used to maximize federal entitlements, and sources states have pursued for other investments.

The second section, *Profiles*, provides a narrative description of each of the eight initiatives. In addition to discussing funding changes made, these profiles include other key aspects of the change process. The profiles describe how the collaborative was initiated, what its goals are, and whom it is trying to serve. They include a discussion of the organization and membership of collaborative structures that have been formed, the kinds of changes to the service system that have been achieved, and how the initiative has sustained collaboration over time.

The third section, *Observations*, starts with a brief overview of how successful these initiatives have actually been. Almost all of the initiatives have some outcome data available, but overall the sites are clearly struggling with developing ways of effectively measuring the results of their activities. However, the fact that these sites have all, in varying ways, achieved a degree of interagency collaboration and pooled flexible funds is a significant achievement in itself. This section also draws on the profiles to describe the organizational strategies that these sites have used to achieve this collaboration and sustain it over time. We provide an overview of the steps sites have taken to achieve and sustain their collaborations, and the factors they see as crucial to nurturing and supporting the interagency work.

These sites illustrate the range of situations that can provide opportunities to initiate these kinds of collaborations. It appears that a key to successfully establishing pooled funding is to locate the collaboration at the level—either state or local—at which the funds targeted for inclusion are raised and controlled. Several sites point to high level leadership as being key, while others credit the role of legislation. Key steps have included developing collaborative bodies at the state and local levels, and developing a vision and a plan for action. Some sites have tried to avoid duplicating collaborative structures, and others have come up with creative approaches to promoting the long-term stability of their collaborative structures. Many sites have taken specific steps to build relationships and to build trust, and some point to the importance of remaining flexible as funding and personnel changes affect the ability of agencies to participate. Patterns emerge about the key players that states and counties have included in collaboratives, and who they point to as being crucial partners in the process. And, of course, a key tool that helped build collaboration was changing the resource flow by developing new resources and redeploying current expenditures. Sites also use a range of fiscal incentives.

As we discuss these eight initiatives, we describe them as having "pooled funding" or "pooled flexible funding." The term "pooled funding" refers to settings where, to some degree, funds have been brought together across programmatic lines and made more flexible. We use the term broadly to cover all eight of the sites, even though there is a range of ways that funds have been "brought together," and a variety of work done to make funds "more flexible." Some sites, like Virginia's Comprehensive Services Act and Franklin County,

Ohio's K.I.D.S. project, have lifted funds out of the participating agencies and put them in a physically separate pool. In others, like Missouri's Caring Communities program and Iowa's Child Welfare Decategorization, funds from different programs are coordinated with one another and committed to a common purpose. In both of these cases the funds included have been made flexible, in that they can be shifted, or redeployed, to be spent for different purposes, on different clients, or by different providers to support the initiative's reform goals. Having pooled funds means that a site has available to it funds from two or more programs that can be redeployed to support the reform work of the initiative.

Under the four approaches, we selected initiatives that have made the most progress in merging funds across programmatic lines to support their reforms, or that are representative of sites using similar approaches. A large and growing number of states are using the first approach, setting up interdepartmental bodies, establishing reform goals, and stating their intention to redirect funds to support local collaboratives. We chose to highlight Missouri and West Virginia because they have each moved beyond rhetoric to actually bring funds together across department lines, and they have used two distinct financing strategies. Missouri has generated funds to support Caring Communities through refinancing efforts which have helped leverage the redirection of funds from five state agencies to the project, while West Virginia has focused on obtaining small portions of a number of federal and state funding sources specifically to support the administrative functions of local Family Resource Networks. Maryland's history under Systems Reform and Virginia's recent Comprehensive Services Act make them significant examples of sites that have used the second approach: pooling out-of-home care funds from across departments on the state level. Tennessee is another state that has followed this approach, and other states with jointly funded family preservation programs may have a basis for moving in this direction. Efforts in Iowa and California are examples of sites that use the third approach of locally driven initiatives. Both initiatives using the fourth approach are representative of a broader group of initiatives. The Franklin County, Ohio project is one of a number of county-level projects in that state that have achieved pooling of funds, including Stark and Hamilton Counties. One factor facilitating this interagency work is Ohio's history of mandated state and county level interdepartmental clusters. A number of other states have forms of these interdepartmental clusters, creating the potential for pooled funding. The Partners Project in Multnomah County, Oregon, was one of eight sites funded under the Robert Wood Johnson Foundation's Mental Health Services Program for Youth (MHSPY). All the MHSPY sites used interagency collaboration and creative funding to improve services for a small number of multi-agency children with severe emotional disturbances. We chose the Partners Project to highlight because of its success in bringing funds from a number of different agencies and Medicaid together into a flexible pool. More information on these other sites using the approaches discussed in this paper can be found in *Appendix A*.

When we had selected the eight initiatives we wanted to study, we identified a person or small group of people who are currently involved in managing each initiative and who had knowledge of the initiative's history. In April and May of 1996, we conducted a telephone survey of these key contacts, gathering descriptive information about how each initiative is currently operating, and how it had been developed and sustained over time. Names and contact information for the staff interviewed are listed in *Appendix B*. More information was gathered through a review of documents provided by the contacts and a general literature review. In several cases, we had follow-up conversations with state or county staff.

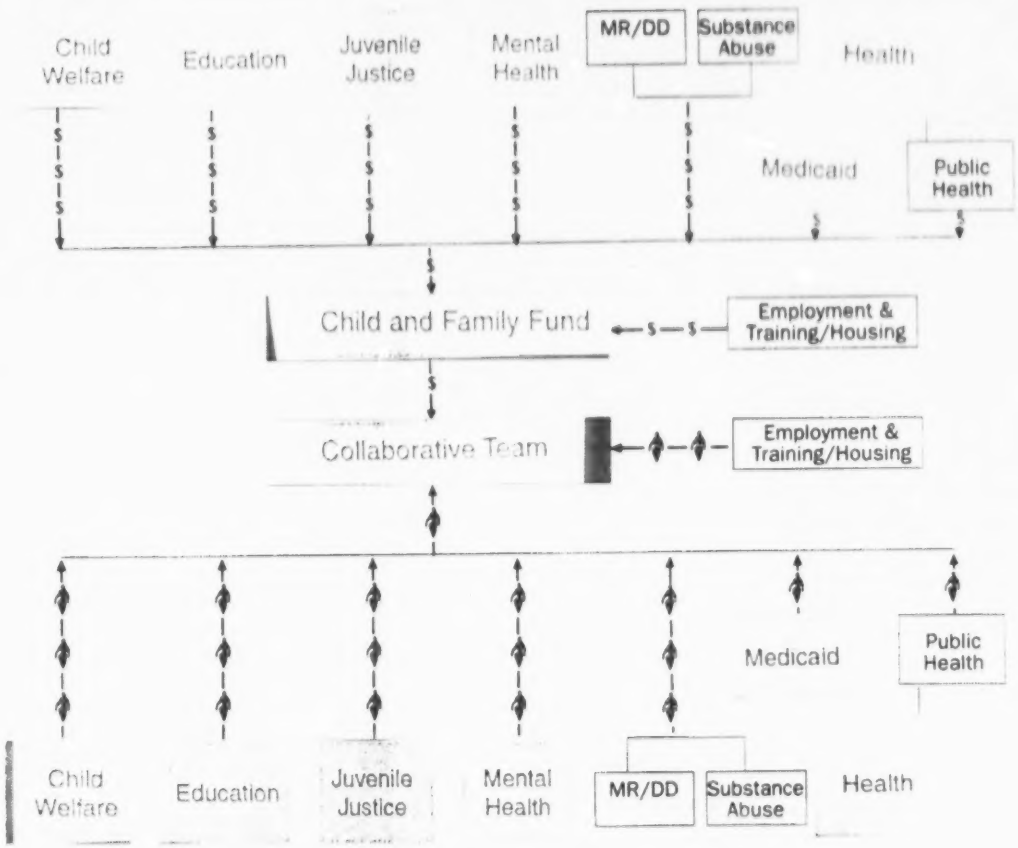
The process these sites have followed is illustrated in *Figure 1*, which shows how funds can be brought together across department lines into a common child and family fund, allocated to a local collaborative team, and used to provide more comprehensive services for children and families coming into the different service systems. The overall lesson from the picture of the eight initiatives we present is that it is possible to work collaboratively across

program lines and to pool funds to support fundamental changes in the services offered to children and families on the local level. By providing information about these initiatives, we hope to encourage the many people who want to make reforms happen in their own communities.

Clearly, the observations about financing strategies and how collaborations were developed and sustained over time, as well as the overview of the activity going on in these eight sites, raise a number of issues that call for further research and analysis. To provide additional information and further background, we have included a *Resource List* in *Appendix C*. This list provides an annotated bibliography of written material on system reform efforts, financing issues, and organizational issues, along with a list of organizations from which these publications can be obtained. We end with some concluding thoughts on the strengths of these initiatives, and with an overview of some of the questions raised by these descriptions that point to areas for future work.

Figure 1

Pooled Funding for Child and Family Services



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FINANCING STRATEGIES

All across the country public administrators, legislators, providers, advocates and parents are joining together to make changes in the way publicly funded services are delivered to children and families. Those who want public services to be less wasteful and those who want them to be more effective share a common interest in achieving better coordination of services across department lines. The boundaries between programs built up over the years by distinct funding streams and the narrow focus of professional provider training are increasingly understood as a serious hindrance to developing services that meet the real needs of families. A range of collaborative efforts are working to break through these boundaries and achieve better coordination. This paper focuses on collaborative reform efforts that have taken steps to change the way funding flows to services. Clearly, funding shapes available services, so changing funding is a powerful tool that can be used to change services. The sites profiled in this paper have all brought funds together across programmatic lines, taken steps to make them more flexible, and made them available to local collaboratives to support the delivery of more comprehensive, community-based services.

This section starts by describing four approaches that states and counties are taking to this kind of reform, and introducing two initiatives using each of the approaches. It then goes on to provide an overview of the two primary financing strategies sites are using—redeploying current resources and developing new resources. Figure 2 provides a graphic picture of the four approaches, the eight initiatives and the two financing strategies.

Approaches to Reform

Collaborative bodies engaged in planning and implementing reforms to child and family service systems have taken a variety of approaches in different states and counties. The possibilities for reform strategies are delineated by the scope of the population the collaborative is aiming to serve and hence the scope of funds the collaborative is willing to work with, and by the degree to which the collaborative wants the initiative to be locally driven and controlled. Three of the approaches described below aim to serve different populations and work with different funding streams—from a very broad approach to a more narrowly-focused approach. Another approach is distinguished by the amount of control given to local collaboratives, so that the initiative is implemented only when local collaboratives are in place, and funds are pooled on the local rather than the state level. The descriptions of these approaches highlight key features of each—the activities of state and local level collaboratives, the service goals of the initiative, and the financing changes put in place. Each approach is then illustrated by brief descriptions of two specific state or county initiatives.

Figure 2

Approaches to Reform and Financing Strategies in Eight Sites

APPROACHES		FINANCING STRATEGIES	
	State/County	**Redeploy Current Resources**	**Develop New Resources**
#1: State Supports Local Collaboratives	MO: Caring Communities WV: Family Resource Networks	• Redirect federal funds	
#2: State Pools Out of Home Care Funds	VA: Comprehensive Services Act MD: Systems Reform	• Change restrictions on funds • Provide pooled funds—local collaborative keeps savings	Maximize federal entitlements for: • services • administration Title XIX Title IVE Title IVA Title IVA EA
#3: State Initiative is Locally Driven	IA: Child Welfare Decatagorization CA: Youth Pilot Project	• Allows counties to: ⇒ move funds between line items ⇒ pool funds	Other investments: • Private sector • Foundations
#4: Pooled Funds for Multi-agency Children	OH (Franklin Cty): K.I.D.S. OR (Multnomah Cty): Partners Project	• Provide pooled funds—local collaborative puts service delivery group at risk	

#1 - State Supports Local Collaboratives

Missouri—Caring Communities
West Virginia—Family Resource Networks

Some key features of this first approach are:

- The initiative aims to serve a general population of children and families.
- The state sets broad goals to support the development of more integrated services for children and families.
- An interdepartmental body on the state level supports local collaboratives and works with them to achieve broad-based system reform.
- Local collaboratives:
  - ⇒ are charged with assessing needs, planning and implementing plans for more integrated services for children and families;
  - ⇒ engage a broad range of stakeholders; and
  - ⇒ are able to choose which services/populations to focus on.
- The emphasis is on changing the configuration of existing services.
- The primary financing strategy is to redirect federal and state funds to support the local collaborative's work to develop more integrated service systems.

For Example:

- In Missouri's Caring Communities, the state has set the broad goal of achieving six core results for children and families. Caring Communities sites on the neighborhood level work to assess and address the range of needs in their communities and to develop school-linked services. Five state agencies have redirected funds to support Caring Communities sites. The state has also brought in new, more flexible funds by pursuing refinancing efforts, and by developing partnerships with private foundations.
- In West Virginia's Family Resource Networks, the Governor's Cabinet on Children and Families works towards the broad goal of enhancing the ability of families to care for their children. Family Resource Networks (FRNs) are community organizations composed of a majority of non-providers that serve as the coordinating and planning bodies for their community's service system for children and families. The FRNs assess needs, develop local action plans, promote changes in the service system, and evaluate results. The state has developed a cross-agency Planning Fund to support the cost of having FRNs carry out these administrative tasks. The Fund includes administrative funds from Title XIX (Medicaid) and Title IVA (AFDC), in addition to redirected state funds and flexible federal and state funds.

#2 - State Pools Out-of-Home Care Funds
Virginia—Comprehensive Services Act
Maryland—System Reform

Key features of this second approach are:

- The initiative serves children under the jurisdiction of different state departments who are:
  - ⇒ in out-of-home care or
  - ⇒ at-risk of out-of-home care.
- The state pools state and local-level out-of-home care funds from child welfare, juvenile justice, education and mental health, and works to redirect them to community-based, family-centered services.
- Through legislation or clear policy, the state changes restrictions on funds traditionally used for residential care to clarify that they can be used for in-home, community-based care.
- Pooled funds are allocated or granted to local collaboratives who:
  - ⇒ set up referral processes with individual agencies; and
  - ⇒ use the redirected out-of-home care funds to develop community-based family-centered services for target children and their families.
- Local collaboratives can keep savings—the difference between the amount allocated and the amount actually spent on services—to reinvest in services.

For Example:

- Under Virginia's Comprehensive Services Act, the goal is to set up a collaborative system of services and funding for at-risk and troubled youth and their families. The state pools out-of-home care funds from four departments and allocates them to Community Policy and Management Teams (CPMTs). CPMTs must create at least one Family Assessment and Planning Team (FAPT). The FAPT works to develop and oversee individualized service plans for children and families.

- Under Maryland's System Reform, funds are pooled in order to develop and support comprehensive, prevention-oriented programs and services driven by child and family needs. The state pools out-of-home care funds from across departments and grants them to Local Management Boards (LMBs). LMBs use funds to provide both return diversion services (for children returning to communities from out-of-state placements) and family preservation services (for families at-risk of having children removed).

#3 - State Initiative is Locally Driven

Iowa—Child Welfare Decategorization Project
California—Youth Pilot Project

The key feature of this third approach is that the initiatives are locally driven.

Iowa's Child Welfare Decategorization Projects are similar to Approach #2, in that the initial goal is to redirect out-of-home care funds to community-based services. However, Virginia and Maryland have implemented statewide, providing funds that have been pooled from across departments to every locality. In Iowa the state has only implemented decategorization projects in counties that have applied to participate, in effect allowing collaborative structures to be built before pooled funds are fully utilized by an area.

Key aspects of Iowa's approach include:

- Child Welfare Decategorization Projects serve children in and at-risk of out-of-home care in both the child welfare and the juvenile justice systems.
- One of the goals of the project is to redirect child welfare funds to services which are more preventive, family-centered and community-based to reduce the use of more restrictive placements.
- The state specifies that the Child Welfare budget—Department of Human Services funds for residential care, in-home counseling and other child welfare services—can be used flexibly. For example, funds can be shifted from foster care to pay for family-centered services, or to purchase new community-based services.

Local decategorization projects:

- work to ensure that the human services provided are driven by child and family needs;
- establish a range of mechanisms to develop and provide individualized services, including planning committees, case facilitators, and informal interagency collaboration; and
- retain savings locally—the difference between the Child Welfare budget and actual expenditures—during each fiscal year. These funds may be used for reinvestment in community services development.

California's Youth Pilot Project is similar to Approach #1, in that the state has set a broad goal of creating integrated service delivery systems for children and families, and is allowing local projects to choose which services and populations to focus on. In Missouri and West Virginia, however, the state has created state-level funding pools, while in California the state has authorized pilot counties to pool funds on the county level. However, as counties have struggled largely unsuccessfully to create these pools, the state has decided to seek legislative authority to create a pool of funds on the state level to facilitate the transfer of state, and potentially federal, dollars to the county level. In keeping with the emphasis on locally driven projects, California intends that the state pool would be made up of funds that the counties request.

Key aspects of California's approach include:

- Six pilot counties have set up a variety of services, ranging from interdepartmental case management for those in or at-risk of out-of-home care to the expansion of more general family support centers.
- The state has authorized local Coordinating Councils in the pilot counties to pool funds from a minimum of four of a wide range of child and family funds. Only one county has set up a separate funding pool, which currently includes family preservation/family support funds, a portion of the county's Substance Abuse Prevention and Treatment Block Grant, and private foundation funds.
- All of the counties want to be able to pool federal funds, so the state is hoping to use federal foster care funds for preventive and wrap-around services by applying for a child welfare demonstration project

#4 - Pooled Funds for Multi-Agency Children

Ohio, Franklin County—Kids In Different Systems (K.I.D.S.)
Oregon, Multnomah County—Partners Project

Key features of this fourth approach are:

- The state and/or county pools funds for a small number of children who are involved in multiple service systems or who are severely emotionally disturbed (SED), and who are in or at-risk of out-of-home care.
- The goal is to provide individualized, family- and child-focused, community-based services.
- Local collaboratives create and oversee service coordination mechanisms—often a case manager who works to develop new services and to convene multi-disciplinary teams to develop and monitor individualized service plans.
- Pooled funds include funds for out-of-home care and/or service funds from county, state and/or federal level sources.
- The service coordination mechanism or the providers who contract with them are both at-risk, working within a set budget and keep savings, or sharing the risks if costs exceed the amount budgeted.

For Example:

- The Franklin County, Ohio K.I.D.S. project aims to provide individualized, child- and family-focused, community-based services for children involved in two or more systems who are at-risk of out-of-home placement or who are moving from these restrictive settings to family or family-like settings. The county has created a pool of county-level funds from five agencies, including out-of-home care funds redirected to community-based services from child welfare, mental retardation/developmental disabilities, and mental health, and additional funds from education and juvenile justice. A K.I.D.S. Steering Committee oversees these pooled funds, which are made available to a K.I.D.S. Office. Team members facilitate creation of other teams to develop and monitor individualized service plans for children and their families.
- The Partners Project in Multnomah County, Oregon, aims to develop a coordinated, child-centered, community-based system of care for children and adolescents who are SED. The state worked with the county to pool funds from two school districts, state and regional children's services (i.e., child welfare), county social services, and state and county mental health funds. These pooled funds were put together with Medicaid funds, which were made flexible through the prepaid health plan option. State and local

collaborative bodies oversee pooled funds, which are made available to managed care coordinators, who facilitate the creation of individualized service plans for children.

- Both of these initiatives have put a service delivery group—either those coordinating the services or those providing them—"at-risk": that is, the group retains a portion of the savings and also shares a portion of the risk if service costs exceed budgeted amounts paid in advance. In Oregon, the local collaborative estimated a set dollar amount per month to provide community-based services to SED children, and provided that amount to the managed care coordinators. In Ohio, the K.I.D.S. Office contracts with a group of providers under the 10 Kid Project, which receives a set budget to provide comprehensive services to a portion of the children served with the pooled funds. Franklin County uses a case-rated approach, in which the Office pays the provider a different amount for each child based on an individualized services budget. The payments for these children are then "bundled," so the provider can use the funds flexibly across line items and across individual budgets.

Planners who choose to start with one of these approaches may find themselves pulled into other approaches, because while they are distinct, they do tend to flow toward one another. Approaches four, two and one—pooling funds for specific multi-agency children; pooling out-of-home care funds and of supporting families more broadly—really create a continuum, in which one level naturally leads to the next. For example, Maryland's Local Management Boards and Iowa's Decategorization Projects often start by developing community-based services for a small number of multi-agency children, and then expand to a broader population of all families in or at risk of out-of-home care. Some of Iowa's older Decategorization Projects have expanded to provide family support services for a broader population of families. Some states pursuing these three approaches started as locally driven initiatives, and some of the locally driven initiatives are moving towards a more active state role. While Iowa's projects are fully implemented only in local areas that have applied, Virginia and Maryland's initiatives both started with local pilot projects. While California has attempted to pool funds on the county level, they are moving towards having funds pooled on the state level. This overview of four approaches is intended to provide ideas about what states and counties are doing, and illustrate the range of choices and experiences those involved in planning for collaborative funding will face.

Redeploying Current Resources

Looking across these diverse sites there are some common financing strategies that are being used. All of these sites are redeploying current resources and developing new resources. This section provides some observations about these financing strategies.

Funding Sources Redeployed

As states and counties have worked to redirect funding streams, they have identified sources of funds that can be redeployed so that the funds are available to provide or support the development of more comprehensive, community-based services. Funds have been redeployed for a different purpose (when, for example, out-of-home care funds are shifted to community-based services) or for a broader population (when out-of-home care funds support services for families). They are also redeployed when they can be spent by different providers or administrators (when, for example, West Virginia obtained Medicaid and AFDC administrative funds to support the work of Family Resource Networks). Planners have found that funds that can be brought together across department lines inevitably include both state and federal funds that are already flexible and those which have to be made more flexible by taking action either on the state level or with the federal government. Figure 3 provides a list of some of the funding sources used in funding pools by the initiatives

included in this survey. The Figure also indicates some of the states in the survey which drew on each of the funds.

Strategies to Make Funds Flexible

There are a variety of steps that states and counties have taken to make funds more flexible. Some changes in the use of funds require changes in law or regulations, while others require administrative action on the state or the federal level, achieved through formal application or more informal negotiation. Some of these steps are listed below, with an indication of which initiative used each approach.

- **State legislation** *(see VA, MD, IA, CA)*
- **State or county administrative action** *(see WV, MO, VA, MD, IA, CA, OH, OR)*
- **Negotiation with state or county agencies** *(see WV, MO, VA, MD, IA, CA, OH, OR)*
- **State negotiation with federal government** *(see WV, OR, CA)*
- **State application to federal government:**
  - To make Medicaid (Title XIX) funds flexible:
    1115 waivers *(see OR)*
  - To make Child Welfare Funds (Title IV-E) more flexible:
    Child Welfare Demonstration projects *(see CA)*
  - To utilize administrative time of AFDC (Title IV-A) workers:
    IV-A eligibility simplification waivers *(see CA)*

The Profiles in the next section will provide more information on how states and counties have worked with specific funding streams, and implemented these strategies to make funds more flexible.

FIGURE 3

FUNDING SOURCES REDEPLOYED

State and Local Out-of-Home Care/Residential Funds *(see MD, VA, OH, IA)*

- Child Welfare/Human Resources/Social Services
- Education
- Mental Health
- Juvenile Justice
- Mental Retardation/Developmental Disabilities

State and Local Discretionary Funds *(see MO, WV, IA, OH, OR)*

- Child Welfare/Human Resources/Social Services
- Education
- Mental Health
- Juvenile Justice
- Labor and Employment

Federal Funds

- Title XIX (Medicaid)
  - service funds *(see OR)*
  - administrative funds *(see WV)*
- Title IV-A (AFDC)
  - for administrative costs *(see WV, CA)*
- Title IV-E (Child Welfare)
  - training funds *(see VA)*

State Flexible Funds *(see WV, CA)*

- Governor's or Cabinet funds
- General Fund

Federal Flexible Funds

- Social Service Block Grant *(see VA, MD, IA)*
- Title IVB Subpart 1 (child welfare) *(see IA)*
- Title IVB Subpart 11 (family preservation/family support) *(see WV, MO, VA, IA, CA)*
- Child Care and Development Block Grant *(see WV)*
- Community Services Block Grant *(see WV)*
- Community Based Family Resource Program *(see WV)*
- Substance Abuse Prevention and Treatment Block Grant *(see CA)*

Developing New Resources

In addition to the various strategies to redeploy current county, state and federal funds these initiatives have all worked to develop new and flexible resources using two strategies—maximizing federal entitlements for both service and administrative costs, and pursuing other investments. Below are steps states and counties have taken to use these strategies to develop new resources.

Maximizing Federal Entitlements

States have found that they can benefit from making maximum use of federal funding sources. The federal entitlements and service categories most often drawn on are:

- Title XIX (Medicaid)
  - service categories
  - rehabilitation
  - EPSDT for screening, outreach and treatment costs
  - targeted case management
  - administrative funds
- Title IV E (Child Welfare)
  - child placement/administrative
  - training
- Title IVA EA (Emergency Assistance)
- Title IVA administrative funds

Strategies to maximize use of these federal funding sources include:

- **Shifting services from 100% state/local funds to federal source.** A particularly promising approach to maximizing the use of these sources is to explore what services currently funded 100% with local or state funds could be supported with federal funds. When it is clear that federal dollars are underutilized, planners can then determine whether some costs can be shifted to those sources. For example, Iowa thoroughly assessed the child welfare services being provided to determine which could be provided under a Medicaid benefit category. Iowa now uses the Medicaid rehabilitation service category to help fund therapy, counseling and skill development services provided to children.[1]
- **Pooling funds to increase match base.** By pooling funds, states and counties have found that they can use services that are funded 100% with local funds as a match for services that another department wants to provide under a federal entitlement. For example, Ohio has used pooled county-level funds as a match for other services that can be provided under a federal benefit category.
- **Ensuring that eligibility is checked across department lines**. For example, Missouri has ensured that IVE eligibility is checked across department lines, especially for children being served through the juvenile justice system.

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[1] Center for the Study of Social Policy, *Investing in Children and Families: Iowa's Effort to Generate Funds to Reform Child Welfare Services*, (1994).

- **Supporting administrative costs of collaborative teams through federal sources**. The authorizing language for many of the federal benefit programs requires that the programs be administered in an efficient and effective manner, and that services delivered under the program be coordinated with other services that the child and family needs. Using this logic, West Virginia has obtained support for planning, assessment and evaluation costs from Medicaid and AFDC. Another source of supporting administrative costs is IVE training funds, which Virginia has used to help staff develop the new skills they need under the Comprehensive Services Act.

Other Investments

- **Foundations**. A majority of the initiatives have received significant support from foundations. The Missouri and California initiatives have benefited from a formal, ongoing involvement of foundations in their work, through the Family Investment Trust and the Foundation Consortium for School-linked Services respectively. The initiatives in Maryland and Oregon were assisted substantially in their early phases with foundation grants, and West Virginia has received support from private foundation funds. Iowa credits support from the Annie E. Casey Foundation and the Edna McConnell Clark Foundation for the success of the decategorization projects.

  Some states have found that pooled funds can be used as a local match for foundation funds. For example, one of Iowa's counties used their decategorization funds as a local match for a Robert Wood Johnson Foundation grant.

- **Private sector support**. Virginia is setting out to make their work to reform systems of care for children and families a public-private partnership, and they have received a grant from the Kraft Foods Corporation for leadership training in communities.

- **Community contributions**. West Virginia requires local communities to provide a match (which may be an in-kind contribution) for any state funds that are directed to the collaborative work on the local level.

These steps to developing new resources are described in more detail in the Profiles below.

PROFILES

The information in these profiles is drawn from a telephone survey conducted with a key contact or contacts at each site who were currently involved in managing the initiative and who had some sense of the initiative's history, follow-up conversations with several sites, and written material provided by the initiative and gleaned from general literature. Each of the profiles is divided into five sections, designed to provide a clear and comparable overview of these creative collaborative efforts.

APPROACH #1 - State Supports Local Collaboratives

Missouri—Caring Communities

Description

Missouri is engaged in a comprehensive effort to bring about broad-based system reform across all of its state service systems for children and families. From the one Walbridge Elementary School Caring Communities site developed in 1988-1989, the state now has 64 Caring Communities sites within seven Community Partnerships. On a neighborhood level Caring Communities sites work to develop school-linked services and supports for families and children that aim to provide a continuum of integrated services. The idea for Caring Communities originated at a series of breakfast meetings between department directors and commissioners, and was shared with a local foundation. The collaboration quickly grew to involve four agencies—Education, Health, Mental Health and Social Services. In 1995 a growing awareness of the need to help people through job training led the state to expand the collaboration to include the Department of Labor and Industrial Relations. These five departments are now working together to achieve core results:

- parents working,
- children safe in schools and families safe in communities,
- children ready to enter school and succeeding in school,
- children and families that are healthy, and
- youth ready to enter the workforce and become productive citizens.

They are working together to develop services that are child and family-focused, build on the existing strengths of families, and are sensitive to the needs and diversity of families.

Collaborative Structures

In 1993, the Governor, by Executive Order, formed the Family Investment Trust, whose board of directors includes the five department directors and four gubernatorial-appointed civic and business leaders. This body serves as the "keeper of the vision," setting broad policy direction and strategy for Missouri's efforts to achieve better results for children and families. There is a deputy directors group that meets every two weeks around the Caring Communities initiative, and the five departments all have one staff person assigned to Caring Communities. The five departments jointly fund one staff position—Chief Operating Officer for Caring Communities—who works horizontally and vertically with the Caring Communities staff in the department, the deputy directors, the directors, and with Caring Communities sites.

From the initial Walbridge School site in St. Louis, Caring Communities sites have been established all across the state, including rural areas. The rural areas posed a challenge, and led the state to develop different kinds of models appropriate to different kinds of areas. Caring Communities sites are expected to assess and address the range of needs that exist in their community, but can also choose areas of focus. Each site forms an organizing group which is required to have broad-based representation from governmental agencies, local and county elected and appointed officials, private non-profit organizations, businesses and parents. As sites continued to develop throughout the state, it became clear that the state could not work directly with each of the thousands of schools and neighborhoods. So the concept of Community Partnerships, which cover larger geographic areas and function as parent boards for neighborhood-based Caring Communities projects, was developed and implemented. Each Community Partnership has a fiscal agent who receives grant funds from the state for Caring Communities sites in its area, and which then buys services at the local level and reports back to the state.

Funding

The primary funding strategy of Caring Communities is to have the local sites work with the five state departments to realign the way the state is spending current resources. So when a community identifies a need for more day care dollars, the departments work to redirect or reallocate funds accordingly. A strength of this process is that it allows the state to move towards assuring that funds are spent in ways that make sense, and that have some relationship to true needs in communities. It also allows for an interactive process—issues that were not addressed in state budgets have been raised by communities and funds have been transferred to meet those needs. Each of the five departments have demonstrated their commitment to redeploy funds by shifting some of their program dollars into a joint Caring Communities budget. For the Fiscal Year (FY) 1994 budget, the four departments each put departmental funds into a single joint budget package for Caring Communities of about $3 1/2 million. By FY 1996, this joint pool had grown to $25 million, including $2 million from each of the four original partners and less from the departments of Labor and Industrial Relations. The budget includes a range of funds from across departments, including family preservation/family support planning and service funds. As each of the departments pursues their core activities, they have been encouraged to look at redeploying funds to Caring Communities as an effective way to meet their goals.

The Caring Communities budget also includes about $11 million in funds that Missouri obtained by actively pursuing refinancing strategies. The new flexible funds that were generated by this effort were allocated to all departments and then used in their portion of the Caring Communities budget. In addition to this state budget, the private sector and foundations have also been actively involved, funding the Family Investment Trust and providing funds to Caring Communities sites. These sources of support have allowed the initiative to grow and flourish without any new allocations of state funds.

The Caring Communities Chief Operating Officer has a vision of the future in which all funds in the state budget would be allocated for purposes, rather than for specific activities or functions. Under "family maintenance organizations" a comprehensive set of funds would be available to communities to buy certain outcomes.

Changes to Service System

In 1994, Philiber Associates completed an evaluation of the initial Walbridge School Caring Communities site, and noted positive outcomes for children, parents and communities. The study concluded that children who received case management and day treatment through the program improved in their grades, their work habits and their social-emotional growth. It noted that parents were more likely to perceive schools as a source of help, and that teachers

were more hopeful about the involvement of parents and obtaining help for their children. The local police perceived the program as responsible for reducing drug activity in the neighborhood. Currently, the state knows that significant activity is going on in Caring Communities sites, and that new family centers and other forms of school and neighborhood-based service sites have been created. A comprehensive evaluation is currently under development.

Sustaining Collaboration

The current Chief Operating Officer attributes the success of ongoing collaboration to a number of things. Generating new funds through refinancing was seen as being a crucial factor in bringing agencies into the collaboration and in leveraging their commitment to redeploy current expenditures to Caring Communities.[2] These new funds were divided among departments for this new program, giving them all a sense of ownership. Refinancing has also meant that this initiative could be undertaken with no new expenditures of state dollars. The flexible family preservation/family support funds, by bringing in additional new money, helped strengthen the collaboration. The leadership of the Director of the Department of Social Services, who has a strong vision for the initiative and has developed a network of relationships nationally and with foundations, was also seen as being key. The Governor has been very supportive, and good relationships have been developed among the five departments and with other groups (the private sector, advocates, etc.). The initiative has also developed in a time of significant legislative interest in reform in welfare and education.

West Virginia—Family Resource Networks

Description

A 1989 Carnegie Report on Education critical of West Virginia's education system spurred the Governor and legislature to focus on education policy, and in 1990 education reform legislation was passed. A Governor's Cabinet on Children and Families was created, whose broad mission is to enhance the ability of families to protect, nurture, educate and support the development of their children. It aims to change the present categorical, fragmented system to one that is integrated and collaborative, and promotes the development of services that are community-centered, family-friendly and prevention-oriented.

The Cabinet simultaneously pursues a "top-down" and a "bottom-up" approach to change. On the state level, the Cabinet actively forms interdepartmental groups to address integrating or promoting services, and has formed two funds to assist in the development of Family Resource Networks (FRNs). On the local level, FRNs are community organizations that serve as the primary coordinating and planning body for the community's service system for children and families. The role of the FRNs is to assess community needs, develop local action plans, promote changes, evaluate results, and assist state agencies in improving the service delivery system. In this administrative role they work with the state to reallocate and redeploy public funds and to encourage change in service systems in the community, and they agree that they will not deliver services directly. The Family Resource Planning Fund has been created on the state level to support the FRNs in carrying out their planning and evaluation role. As of July, 1996, fifty-one of West Virginia's fifty-five counties were receiving support from the Family Resource Planning Fund. The Direct Services Funding Pool, also created on the state level, is a channel for funds that FRNs can pass on to

[2] This idea, of refinancing as a leverage for redeployment of resources as part of a larger reform agenda, has been articulated by the Center for the Study of Social Policy *in Leveraging Dollars, Leveraging Change: How Five States Are Using Refinancing as an Entry Point for Systems Reform*, 1991.

organizations in their communities not only to develop new services, but, more importantly, to leverage local-level service integration and the redirection of existing funds. Networks have considerable freedom in developing an agenda to meet the needs of children and families as identified by their community.

Collaborative Structures

On the state level, the Governor's Cabinet, a Families First Council, and a staff group provide leadership, direction and support to the initiative. The Governor's Cabinet sets broad policy and deals with large issues surrounding state initiatives concerning children and families. The Cabinet includes the Secretary or Commissioner of Health and Human Resources, Education and the Arts, and Employment Programs. Other members include two other state leaders in Education (State Superintendent of Schools; Vice Chancellor, University System of WV), the Secretary of the Department of Administration, the state's Attorney General and a member each from the House of Delegates and the Senate. West Virginia's state level Cabinet also includes a parent representative. As part of implementing the family preservation/family support program, the state formed the Families First Council, which meets bi-monthly and oversees implementation of the FRN program. The Council is made up of one-third mid-level state officials, one-third consumers, and one-third other community members. A staff group that administers the program and provides technical assistance to the networks is located in the Governor's Cabinet office.

On the local level, a key feature of Networks is that they give a controlling role to non-providers, and focus on providing a significant voice to consumers. Non-providers, defined as consumers and other community members who are not employees of publicly funded agencies that provide services to children and families, must make up a majority of members of the Network's governing board. A majority of these non-providers must be consumers, defined as people who receive publicly funded services for themselves or their family. In addition the Network's governing board must include representatives of at least four public agencies: the public health department, the regional comprehensive behavioral health centers, the local health and human resources agency, and the county school district.

Funding

West Virginia, through the Family Resource Planning Fund, has worked creatively to bring administrative funds together across department lines and redeploy them to Family Resource Networks. This action has made funds more flexible by changing the purpose and the provider of administrative services. Administrative funds now support community-based cross systems assessments, planning and evaluation conducted by community-controlled organizations. The state has found that the most effective use of these funds is to provide local Networks with small amounts of funding—enough to support a 1-2 person staff in organizing the Network to do a thorough needs assessment and plan for services for the area. Then, the state is committed to supporting implementation of the plans through redirection of existing funding streams.

The state has developed the Planning Fund as a cooperative project with the Federal government. The Governor of West Virginia sent a proposal to the President calling for the development of a fund to support cross-agency assessment, planning and evaluation, in which a small portion of the administrative funds from 13 federal programs aimed at serving children and families would be decategorized, matched with state funds and provided to the Networks. The President endorsed the concept and asked the state to work with the Domestic Policy Council, which then asked West Virginia to pursue the concept with their Regional Office. The state has argued that the federal enabling legislation for all of these programs call for their efficient and effective administration, and for coordination with other

programs, so that the cost of planning for this kind of integration and service improvements on the local level should be borne partially by all of the programs.

West Virginia has succeeded in getting two major entitlement programs and two block grants to share the administrative costs of local Networks, and they are also drawing on other flexible state and Federal funds and private sector sources. During state Fiscal Year 1996, the Planning Fund includes monies from the following sources:

Medicaid and AFDC: The state has reached agreements with both Medicaid (Title XIX) and AFDC (Title IVA), under which each of their programs now contributes administrative funds to the Planning Fund. The state has developed cooperative agreements between the Governor's Cabinet on Children and Families and the state agencies responsible for administering each of these programs. The agreements call for the agencies to provide funds to the Cabinet to support the FRNs in carrying out the role described above, particularly to improve the quality of services under the program funded by that agency.

Flexible federal funds: The fund include administrative funds from the child care and development block grant and the community services block grant. The state administrators of these block grants have decided to provide support to the Networks in their role of assessing the need for and developing child care and community services. The fund was recently expanded through the addition of family preservation/family support (Title IV B Subpart II) funds. Community Based Family Resource Program funds are also used.

State agency discretionary funds: The state and the Federal government agreed in principal that federal block grant funds could be used, but the state did not pursue many of these, or Title IVE child welfare funds because total federal expenditures were so small that the total dollar amount going into the fund would not be large enough to justify the effort in negotiations. The state decided to "replace" these sources with state discretionary funds from the Human Resources department. Negotiations with the Federal Department of Labor and the Department of Education on obtaining small amounts from ESEA Title I and JTPA funds have gone slowly, so currently the state is "replacing" some of these funds with state Department of Education funds.

State Flexible funds: The fund includes monies from the state Cabinet Allocation and from the Governor's contingency fund.

Private funds: The fund also includes funds donated from the private sector.

The Planning Fund totalled over $1.4 million in state FY 1996, and is expected to grow to over $2 million in state FY 1997.

The Direct Services Funding Pool, which the Networks can channel to local organizations, includes flexible federal and state funds, state agency funds, and private foundation grants—from, for instance, the Benedum Foundation and the Carnegie Corporation of New York. These funds are available for grants of up to $50,000 for up to two years to assist Networks in implementing changes in the service system.

Changes to Service Systems

The Networks being supported all around the state start by gathering and assessing needs data in their community, and then develop and work to implement local action plans. As Networks across the state have moved along in this activity, the state has tracked their work. State officials describe a range of projects sites have undertaken, all of them involve reshaping or reconfiguring existing services. Networks have, among other things, developed family resource centers and one stop shopping centers, and helped guide restructuring of child development programs, employment programs, and school health centers. The Cabinet

is currently collecting and compiling more systematic information on Network activities and outcomes.

Sustaining Collaboration

An important factor in sustaining the collaborative project of developing Family Resource Networks over time has been the energy put into the effort by a small but creative staff group in the Governor's Cabinet Office. In order to be effective, however, that staff has needed to work closely with state agencies, and they built those relationships by physically moving their offices into closer proximity with the agencies, and by working with Health and Human Resources and other agencies on the family preservation/family support planning effort. The staff saw the development of the Planning Fund as a way to get state agencies to work together to share the costs of the Networks and develop ownership of the approach. West Virginia's Governor, while not leading the effort, has consistently been supportive, and this support is seen as being crucial.

APPROACH #2—State Pools Out-of-Home Care Funds

Virginia—Comprehensive Services Act

Description

In response to rapidly rising costs of foster care and other residential care systems, Virginia's Department of Planning and Budget (DPB) conducted a study of residential care in 1990. The study found that the 14,000 cases being handled by four state agencies were actually attributable to less than 5,000 children in care. The study noted this duplication, and concluded that there should be more interagency collaboration and that agencies should focus on expanding community-based services as alternatives to residential placements. In response to the study's recommendations, three Cabinet Secretaries and Commissioners of key departments formed a Council on Community Services for Youth and Families, and charged it with developing a long range plan for phasing in community-based nonresidential services.

The 145 member Council on Community Services had a very broad-based membership of leaders from the public sector, the private sector, and families from across the state. The Secretaries, Commissioners, mid-level managers and community members worked actively through the Commission's executive management committee, the steering committee and eight workgroups and developed a detailed plan, took public comments, and then proposed legislation. The legislation drafted by the Council called for an interdepartmental management structure on both the state and local levels, and for the creation of a funding pool from specific funding streams used to pay for and support residential care. The funding pool would be used to encourage the development of nonresidential family-focused and community-based services.

In 1991, the Council was able to start five pilot projects in the state, and initial data showed evidence that redirecting funds led to new services and improved interagency collaboration. In 1992, the legislation, called the Comprehensive Services Act (CSA), was passed, contingent on the passage of a funding formula. The funds proposed for inclusion in the pool all had been allocated separately and had different local match rates, so the state had to determine how the state would allocate the pooled amount and what kind of local match rate would apply to the pooled funds. This politically difficult task was studied by a group chaired by the Secretary of Health and Human Services, and legislation defining these arrangements was passed in 1993.

The law sets out broad purposes for the Act, specifying that the state pool shall consist of funds to serve the target population, and defining criteria for eligibility for services from the state pool. It specifies that the state intends to create a collaborative system of services and funding that has several broad goals, including local control and increased flexibility in the use of funds, increased interagency cooperation, improved family involvement and the growth of public-private partnerships. To be eligible, children must meet at least one of four criteria—they must have serious emotional or behavioral problems, be at-risk of residential care or need resources beyond normal agency services, need special education in a private school program, or be in foster care or otherwise a ward of the state.

As the Act has been implemented, the eligible populations have fallen into three groups—mandated, non-mandated and other eligibles. State law requires that sufficient funds be appropriated for foster care services, and federal law requires states to pay for services for special education students in the individual education plan. So local collaboratives are mandated to provide services first to these two populations out of the pooled funds, and then to pay for services to non-mandated children previously served by juvenile justice programs and mental health beds—before moving on to the other eligibles.

Collaborative Structures

The law has created both a two-tiered, interdepartmental management structure at the state level, and a two-tiered collaborative management and service delivery system at the local level. The state Executive Council (SEC) approves overall policy under the Act, and the state Management Team (SMT) recommends policy. The SEC includes the heads of five key child and family serving agencies (Health, Social Services, Mental Health/Mental Retardation/Substance Abuse, Education and Youth and Family Services). It also includes a parent representative and the executive secretary of the Supreme Court, and, as of July 1, 1996, a vendor and a local government official. The SMT includes staff from the five key agencies, plus a parent representative, a district court judge, a representative of providers and one member from each of five geographic regions of the state who is a member of the local collaborative team. On the state level, there is also an Office of Comprehensive Services which deals with operational issues including providing information and technical assistance on the Act.

Local governing bodies are required to appoint a Community Policy and Management Team (CPMT), which is responsible for implementing the Act, including expenditures of the pooled funds allocated by the state. The team must include the local agency heads, or their designees, from the five key agencies who are authorized to make funding and policy decisions for their agencies. In addition, it must include a parent representative and a private provider representative. Each Team must appoint at least one Family Assessment and Planning Team (FAPT), which includes, at a minimum, representatives from the five key agencies and a parent representative. The FAPTs involve families in developing an individual services plan, recommend necessary expenditures, and provide ongoing case monitoring. The CPMT sets policies for referrals to the FAPTs, authorizes allocations from the pool, and develops interagency fiscal and service policies.

Funding

The Council identified sixteen funding streams that were being used to pay for residential services, and recommended that nine of these funds be consolidated into one pool. This action was taken after the Act and the funding formula were passed, creating a pool that had grown to $150 million by FY 1996. These funds are to be used for services to individual children and families, and not for administrative costs. Virginia's pool includes funds for residential services, and some funds that have paid for nonresidential services, from across

four service areas—social services, mental health, education, and juvenile justice. The funds included are:

Social Service:

State and local funds for foster care

Social Service Block Grant (SSBG) funds for purchased services

Mental Health:

Department of Mental Health/Mental Retardation/Substance Abuse Bed Purchase funds for adolescents

Funds from the state Interagency Consortium on Child Mental Health

Education:

Department of Education Funds for Special Education Private Tuition Assistance

Department of Education Funds for Noneducational Placements of Handicapped Children

Juvenile Justice:

Two funding streams in the Department of Youth and Family Services for Special Placements

The state intends to change the way services are delivered at the local level by providing a great deal of local flexibility. The pool is made up of state and local funds. The only federal funds currently in the pool are SSBG funds. However, the state has used the local CPMT structure to manage other funds that are not in the pool. For instance, Virginia's family preservation/family support planning funds were provided to the CPMTs, and the state worked extensively with the teams to help them conduct needs assessments and develop local action plans.

In addition to the pooled funds, the state has drawn on new funds to implement the Act. As the state implemented the funding pool, they appropriated funds for "transition" to ensure an equitable transition to the new system. The law also created a Trust Fund, to provide new funds to communities for community-based or early intervention services. The legislature appropriated funds for training local government officials in CSA, and the state has received grants from the Kraft Food Foundation to support local leadership training.

Over the first three years of implementation, the state has faced challenges and continues to refine the reforms put in place under the Act. Costs have continued to rise, and in one year the rate of growth in costs exceeded that which existed before CSA. The state hopes to allow localities to reinvest savings if the services they provide cost less than the amount allocated to them, but initially they have needed to use surpluses in one area to cover deficits in other geographic areas. There are currently a couple of legislative reviews and studies examining the CSA, which will probably lead to additional changes.

Changes to Service System

Pressure on the system and the variation in local implementation make it hard to define the changes that have occurred under CSA on the state level. State staff in Virginia know that new services are being developed, but have minimal detailed information about those services. They are also struggling with CSA costs that have been driven up partly by dramatic increases in the number of children requiring foster care. They point out that localities are at very different levels of development. In some areas many cases are still handled at individual agencies, with funds being allocated by the CPMT back to those agencies, while in others, there are active FAPTs which review and manage almost all cases, drawing on the pooled funds.

There is positive evidence of change from the pilot projects. An evaluation of these projects, which have since evolved into sites under CSA, show that at least nineteen new and

different services were developed for children and families, including intensive in-home services, parent and student aides, therapeutic family homes, intensive probation services and day treatment services. It also found that administrators and service providers perceived that there was greater participation by agencies, fewer turf issues, greater flexibility and more service options, and that these services have resulted in benefits for children and families.

Sustaining Collaboration

A key to the development of Virginia's effort seems to be the active involvement of a broad range of government leaders, especially the Secretary of Health and Human Services. The current Director of the Comprehensive Services Office saw the process of working together on the Council as key, as Commissioners and staff from different departments developed an understanding of what their peers were trying to do, and struggled to see one another's point of view. This is the process he sees happening on the local level now, as directors and staff from different departments are coming together and trying to work together. The state had an interagency consortium and pool of funds that had been developed for children's mental health services that served as one of the models for the CSA. The effort has also been helped by the fact that its values appeal to both Democrat and Republicans, so it has had bipartisan support in the legislature. CSA was supported by and passed under a Democratic governor, and the new Republican Governor is supporting expanding the funds in the pool.

Maryland—Systems Reform

Description

Systems Reform has been on the agenda in Maryland for at least fifteen years. In the early 1980s the state required localities to develop interagency plans for at-risk youth, and over the years coordinating councils have been in place to review out-of-state placements. In 1990 a Governor's Office, a Subcabinet, and a Secretary for Children, Youth and Families was established, building on a long history of a Governor's Office and a Special Secretary. In 1987/88 the state received a grant from the Annie E. Casey Foundation for Systems Reform, and established a model in Prince George's County. This Systems Reform initiative drew on $1.5 million in out-of-home care funds pooled from across departments. Budget language and legislation allowed funds that had been appropriated for out-of-home care to be shifted to in-home services. There has been a stream of legislative interest and activity since then in systems reform, with legislation calling for agencies to develop a joint plan for family preservation services and for all localities to establish local management boards (LMBs) with authority across department lines to spend flexible funds. The initial model and the subsequent work of LMBs has focused on two populations and sets of services—family preservation services for children at-risk of out-of-home care, and community-based services—or return diversion services—for those returning from out-of-state placements.

The broad mission of the Subcabinet is to build partnerships with communities to ensure effective, coordinated, outcome-based, family-oriented services to support the achievement and well-being of children and families. Strategies include collaboration, community-based planning and management of services, a prevention emphasis, and pooled funding to support the development of services driven by family and child needs.

Collaborative Structures

The Subcabinet for Children, Youth and Families oversees broad policy related to Systems Reform, and includes six core members, plus two appointed by the Governor. Agencies are represented by the Secretaries of Health and Mental Hygiene, Human Resources, Juvenile Justice, the state Superintendent of Schools, the Secretary of Budget and Fiscal Planning and

the Director of the Office for Individuals with Disabilities. In addition, the Governor has appointed the heads of Housing and Community Development and the State Planning Office to the Subcabinet. There is a Deputy Director's group that meets regularly to oversee day to day management of the initiative, and there is a Systems Reform staff group in the Governor's Office of Children, Youth and Families.

Local Management Boards (LMBs) now exist in all areas of the state, and are comprised of a majority—at least 51% of public members, with the remaining coming from community representatives, business and labor. The LMBs are appointed by the local chief elected official, and must include representatives from local agencies. These LMBs must establish core services, including family-based case management and family preservation services, and must achieve outcomes that they negotiate with the state. The LMBs work with local agencies and providers to shape these community-based services.

Funding

Maryland has put into a common pool funds that had been budgeted for out-of-home care and for family preservation by the Department of Health and Mental Hygiene, Human Resources, Education and Juvenile Justice. The Subcabinet draws on this pool to provide grants to LMBs to serve a set number of children in each population (family preservation and return diversion), and the grants define how many children from each agency will be served. The Department of Education currently serves as fiscal agent for the funds. The amount put into the pool and hence the budget provided to each LMB is generally slightly less than what the agency had been budgeting for out-of-home care. For instance, the Department of Human Resources will put into the pool an amount slightly less than what it would have cost to pay for foster care services. The LMBs can spend all of the funds in the pool flexibly, on any service the child and family needs.

The LMBs are provided with an incentive—they can keep 75% of the savings—or the difference between the granted amount and the actual cost of services for the children they serve. These amounts are calculated one year out, and several of Maryland's jurisdictions are eligible for and have received some savings. The remaining 25% of the savings is retained by the Subcabinet for projects to improve services for children and families.

The state has recently decided to expand the amount of funds pooled from about $37 million to $98 million, expanding it to include a broader array of funding streams, including state and federal funds for foster care. A Governor's Task Force is currently looking at the issues raised by this expansion.

Changes to Service System

Pooled funds have been used to develop unusual and creative service packages for children that are tailored to their individual needs. The pooled funds have been used for wrap-around type services that are not able to be funded elsewhere, including services like respite care and transportation. The grant agreements require the LMBs to provide information to the state, so the state has been able to report regularly on the services purchased with pooled funds. The flexible provision of these services does seem to make a difference—the Casey

Foundation noted that entries into out-of-home placement in Maryland have decreased significantly between 1989 and 1993, resulting in better care for children and lower costs for taxpayers.[3]

Sustaining Collaboration

A staff member of the Systems Reform group in the Governor's Office attributes the ongoing collaboration to several factors. She notes the ongoing legislative push as a key factor in sustaining the effort, and also notes that the initiative has gotten bi-partisan support in the legislature. The interest from the top has been important—the previous Governor and the current Governor have both been very interested and supportive of System Reform. The Casey Foundation grant was a significant catalyst to a process that had been going on. Advocates have been interested and supportive, and the state has found that economic arguments are effective, so they have focused on the economic benefits of keeping children and service funds in state.

APPROACH #3—State Initiative is Locally Driven

Iowa—Child Welfare Decategorization Project

Description

In the late 1980s in Iowa, foster care and group care costs seemed to be on automatic pilot, with supplemental budget requests coming in every year as costs rose at a rapid pace. The legislature responded to this situation by authorizing two demonstration projects in which counties were granted flexibility in how they could spend their annual child welfare budget. Counties could move funds around between line items in their budget, or to use the funds to pay for new services. The aim of this funding flexibility was to allow communities to develop family-oriented and community-based services not restricted by traditional definitions and funding limitations, but driven by the needs of children and families. One key feature of decategorization projects is this local control and flexibility. Another key feature is the ability to retain locally all of the savings generated if the services provided by the county cost less than the amount budgeted. The number of child welfare decategorization projects expanded, and in 1992, legislation established that any county could use their child welfare budgets flexibly, but had to apply as decategorization projects if they wished to retain savings and enjoy expanded flexibility under this initiative.

As of Fiscal Year 1997, there are twenty-six decategorization projects operating in fifty-seven of Iowa's counties, including the most populous ones, so that over seventy percent of the state's children reside in areas covered by a project. The legislation states that the purpose of decategorization is to redirect child welfare funding to services which are more preventive, family-centered and community-based in order to reduce use of restrictive approaches which rely upon institutional, out-of-home and out-of-community services. Most decategorization projects have started by focusing on high-needs kids who are in residential care, especially in out-of-state facilities. Bringing those children back into the community tends to generate savings, which are then used to expand services to those at-risk of out-of-home care. Projects have found that they can evolve, then, from these secondary prevention services for those at-risk of separation to primary prevention services, providing parenting support and other services to those not yet in contact with the state's service systems.

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[3] Annie E. Casey Foundation, *1994 Annual Report*.

Collaborative Structures

The state has designed the Child Welfare Decategorization Project as a "bottom up" project, which has stressed that decategorization is a local option. Iowa has allowed counties to come forward to participate at their option, and this approach has allowed them to avoid any sense that this is a state mandate. On the state level, the project is focused in the Department of Human Services (DHS), which oversees service funds for children in the child welfare system and in the juvenile justice system. There is a state Decategorization Coordinator and Decategorization Coordinators in each of the DHS area offices with decategorization projects. Discussions have gone on about merging funds and enhancing flexibility across additional departments on the state level, but neither this, nor the creation of an interdepartmental policy body, has happened yet. On the local level, decategorization projects must demonstrate the commitment of the local Department of Human Services, Juvenile Court services and the county commissioners. While the names of the structures vary throughout the projects, in many communities these players form an Executive Committee, which has various planning committees and other subcommittees.

Funding

The state appropriates a child welfare budget every year, and then DHS and the Juvenile Courts decide on an allocation formula based on historical factors and need indicators that it uses to provide the funds, still broken down in line items, to regions and then to local areas. This budget includes funds for foster care, group care, purchased adoption services, family preservation, family-centered services, wraparound funds and court-ordered services. The pool includes all the state child welfare allocation and projected federal child welfare earnings, including Title IV-B, subpart I, IV-E Foster care and the Social Service Block Grant funds. In FY 1996 the total dollars available to Iowa's Decategorization projects was over $97 million. In the past the budget has been designed so that calculations about IV-E eligibility and claiming were done at the state level, and these funds just went into the pool and were indistinguishable from the rest. As the number of children covered has increased, the state decided to ensure that local projects are aware of the federal funds being drawn down under each line item to help guide their funding transfers. After a year of providing this information, Iowa plans to change the budget process so that each county budget is based on the amount that they actually draw down from federal funds, in addition to their allocation of state dollars.

As the decategorization projects have worked to use their funding flexibility to develop alternative services and service delivery mechanisms for a wide range of children and families, a complementary effort has gone on to generate funds to support the expansion of preventive child welfare services. Iowa's efforts to generate funds to reform its child welfare system is an example of a financing effort driven by a programmatic agenda, and is the subject of a detailed case study by the Center for the Study of Social Policy.[4] The case study describes the "rolling refinancing" strategy in which groups decided which services they wanted to fund and then generated funds through refinancing to provide those services. This effort funded the creation of Clinical Assessment and Consultation Teams (CACT) on the local level, who perform a dual role as "gatekeepers" to approve Medicaid funded services, and as treatment consultants on the most appropriate services for particular children.

Refinancing efforts focused on three federal funding streams. The state greatly expanded its use of Medicaid by adding a rehabilitation option and funding a number of child welfare services under that category. The planners then moved on to maximizing Title IV-E funding, and then ensured they were getting maximum use out of the funds available to

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[4] Center for the Study of Social Policy, *Investing in Children and Families: Iowa's Effort to Generate Funds to Reform Child Welfare Services*, (1994).

the state under Title IVA EA (emergency assistance). This strategy allowed Iowa to pursue its reform strategy without obtaining any new funding from the state. Since the refinancing effort was driven by a programmatic agenda that gained broad support, all of the funds generated were retained within the system for services for children and families. This effort to generate new funds has also greatly increased the carryover savings available to local decategorization projects. Prior to these efforts, sites were generating about $3 million a year in savings; that amount has risen to $15 million in FY 1995

State staff have encouraged local projects to use the flexible dollars generated by work with high-cost kids and by shifts of service costs to federally-financed sources to build collaborations with other agencies and develop services and projects that are jointly funded. In addition, flexible funds can be and have been used as a local match to obtain grant funds. Local decategorization projects have been successful in leveraging private funds, including a Robert Wood Johnson grant for children's health and an Edna McConnell Clark grant for reforming child protective services.

Changes in Service Systems

A recent evaluation and a 1994 study provide information on new services and other outcomes achieved in Iowa. Decategorization projects are required to report to the state on how funds were spent, so the state is able to keep track of the new services delivered under each project. In August, 1995 a comprehensive evaluation of the Decategorization Project was completed and published, which reported on outcomes on the family level and on the system level.[5] The evaluation defined outcomes and measures for those outcomes, and established a baseline of data.

The evaluation found positive outcomes for families, who reported greater knowledge of community resources, a greater sense of partnership with staff, and greater personal support networks. There have also been positive changes in the service system, as a great many new services have been developed, and as agencies work closer together, especially as decategorization moves them into joint problem solving around shared families. The evaluation provides a comprehensive overview of new services and supports initiated with decategorization funds, which include youth programs (such as mentoring programs, prevocational training, day treatment programs, after day treatment programs, therapeutic foster care, and enhanced local residential placement options), collaboration projects (such as case facilitation), crisis intervention, health and prevention programs, family support programs, training, and services for children with mental retardation or developmental disabilities.[6]

Other system outcomes are documented in another study, which found that the state has decreased its reliance on the more restrictive forms of out-of-home care, and has increased investments in community-based services. Out-of-state care and group care admissions are both down, and there has been a dramatic increase in the number of adoptions. As the total child welfare budget has grown through refinancing, the state has been able to double the percentage of the budget spent on prevention and adoption services.[7]

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[5] Kimmich, Madeleine et al, *Iowa Decategorization and Statewide Child Welfare Reform: An Outcome Evaluation of Iowa's Child Welfare Decategorization Initiative*, (1995).

[6] Kimmich, Madeleine et al, *Iowa Decategorization and Statewide Child Welfare Reform: An Outcome Evaluation of Iowa's Child Welfare Decategorization Initiative*, (1995), p.29, 49-53.

[7] Center for the Study of Social Policy, *Investing in Children and Families: Iowa's Effort to Generate Funds to Reform Child Welfare Services* (1994), p. 33, 34, 36.

Sustaining Collaboration

Legislative leadership and commitment, particularly from Senator Charles Bruner, was important in initiating the child welfare decategorization project and sustaining it over time. The current State Decategorization Coordinator also credits the national attention the project has received, and particularly the "stewardship" of the Casey Foundation, the Clark Foundation and the Center for the Study of Social Policy with helping the project thrive. The fact that the initiative required no new state money was also seen as being key. A crucial fact that has helped build collaboration is that the state has kept its promises, allowing counties to have flexibility and retain savings, and keeping funding from refinancing within the child and family service system. The legislature pushed the local collaborative process along when it established a cap on the number of group care days and placements that could be provided within each area. This cap does seem to have been an effective tool that forced other players (especially schools) into local collaborations in ways that were very painful and difficult at the community level. The project has required capacity building and training on the local level, and is now working on developing outcomes and the ability to monitor them.

California—Youth Pilot Project - A.B. 1741

Description

This pilot project was created by 1993 legislation that a Democratic Assemblyman moved quietly through the legislature, partly in response to county interest in gaining the ability to decategorize funds. This interest grew out of both a 1989 law authorizing interagency councils to request waivers of regulations from the state, and the Healthy Start initiative, in which state grant funds support local collaboratives in developing school-linked services. As amended through 1995, the Youth Pilot Project authorizes six counties to blend child and family service funds to support implementation of innovative strategies at the local level to provide comprehensive, integrated services to children and families. The law states that the pilots will test the feasibility of allowing communities to make decisions locally, to blend funding streams to facilitate integrated services programs for children and families, and to increase the efficiency of administering human services. Selected counties are authorized to transfer, into a county child and family fund, funds for at least four of a broad range of services for children and families. Blended funds must be used for innovative services for high-risk, low-income, multi-problem children and families.

In the interest of avoiding the "proliferation of categorical collaboratives", counties interested in applying were allowed to use an existing collaborative body as the Coordinating Council required by A.B. 1741, and were allowed to use their A.B. 1741 application as their family preservation/family support county plan. Selected counties are Alameda, Contra Costa, Fresno, Marin, Placer and San Diego. Participating counties have conducted community needs assessments, formed broad-based coordinating councils, and are establishing outcome measures. This is a locally driven initiative, so the six sites are all very different, and the initiative emphasizes local control and decisionmaking.

The local strategies being pursued fall along the continuum of pooled funding. Some sites are stressing the development or expansion of neighborhood or family resource centers, with most seeing these as the site for a common, interdepartmental case management system. Others are focusing on small numbers of multi-agency children in or at-risk of out-of-home care. The range of strategies they are pursuing, and how they flow into one another, is illustrated by one county's plan to start with a mini-pilot serving six children involved in multiple systems, and to then expand to serving all or those in or at-risk of out-of-home care, and eventually to all families visiting the Healthy Start sites who need case management.

Collaborative Structures

On the state level, a state team has been established of Directors from Departments within the Health and Welfare Agency and senior officials from other state departments and offices, including the Department of Education, the Department of Finance, the Office of Child Development and Education, the California Youth Authority, and the Office of Criminal Justice Planning. An A.B. 1741 Workgroup made up of management-level representatives from these same departments oversaw the selection process and now meets as needed to manage implementation of the projects. There are also staff people assigned to the project from several state departments, with staff from the Health and Welfare Agency having a lead role. These staff work directly with counties.

On the local level, the pilot legislation requires that the Coordinating Council in each county include the county superintendent of schools, a representative of the juvenile justice system, officials responsible for the funds or services included in the pilot program, and representatives of service providers, labor organizations of public employees, and recipients of services. This council is called different things in different communities, and forms a policy level body.

Funding

Only one of the counties have actually created a child and family fund, and that fund currently includes family preservation/family support funds, a portion of the county's allocation from the Substance Abuse Prevention and Treatment Block Grant and funds from a private foundation. Other counties are drawing on private sector funds and/or on family preservation/family support funds. Several counties plans to draw on state residential care funds from foster care and special education.

Several of the pilot community-level sites within the Youth Pilot Project counties have in the past received, or are currently receiving, grants from the Healthy Start program. This program, which is administered by the Department of Education, provides planning and operational grants to local education agencies to provide start-up funds for collaborative service integration efforts. These grants are funded by the state general fund with a required local match. So in some counties, Healthy Start collaboratives and Youth Pilot Project collaboratives are working in tandem to coordinate and integrate services.

A group of foundations organized into the Foundation Consortium for School-Linked Services has supported Healthy Start, and has also been actively involved with the Youth Pilot Project. The Consortium has given each county a $40,000 grant to support their pilot efforts. It has also supported the project by providing resources and expertise for county and state staff meetings and educational forums.

State officials noted as important the extent to which counties want to blend federal funds. Particularly, the ability to shift IV-E foster care maintenance funds to front-end services for children and families is seen as crucial to the success of several of the county plans. The state has worked with pilot counties and other counties to develop an application for a Child Welfare demonstration project waiver which would allow any approved county in the state to make this shift, as well as implement other program innovations.

The Substance Abuse Prevention and Treatment Block Grant funds that one county has included in its local fund are not fully decategorized, in that there are still federal restrictions and requirements on the funds. The fact that federal funds are not very flexible has been a real obstacle to decategorizing funds on the county level.

Counties have also found it hard to achieve, on their own, the decategorization of either state or Federal funds. In addition to working with counties on federal funds, the state is examining the issues related to decategorizing state funds. They are also supporting legislation to create a Youth Pilot Program Fund on the state level. This state level fund would be used to pool state general fund dollars, and potentially federal funds that the state

has control over, as requested by the counties. The funds would be shifted to the county level through a single negotiated agreement, thereby making it administratively easier to move funds between state departments and down to the pilot counties. These shifted funds would then become part of each county's Child and Family Services Fund, which could also include local, private and non-profit dollars. The state-level fund would also allow the state general fund dollars to be continuously appropriated over the course of the project, giving counties the fiscal flexibility needed to support their work.

Changes to Service System

Counties with pilot projects have made progress in changing the service delivery system. Contra Costa county set up two new Family Service Centers, and plans several more, while Fresno County is expanding its existing Healthy Start sites. Placer County has consolidated all of its human services into a single new department, and a few other counties are establishing interdepartmental teams, in some cases expanding on existing case management systems. All of the pilots are required to establish outcomes, but since they are just beginning implementation there is no data yet on the impact of the activity.

Sustaining Collaboration

California's initiative grew out of and has been sustained by the support and commitment of a group of department directors and agency staff. The lead project staff in the Health and Welfare Agency noted that one crucial factor in sustaining the initiative has been the involvement in that group of high level staff from the Department of Finance. The initiative has also been strongly supported by the Governor's Office, the Health and Welfare Agency, and the Superintendent of Public Instruction. The direct and ongoing involvement and support of the Secretary, Directors, Deputy-Directors and staff have helped build the collaboration. ,The Assemblyman who was the author of A.B. 1741 has also been very supportive of the pilot project. The staff also noted that a good working relationship with the Federal Regional Office has been helpful as they explore funding options.

In addition, state staff mentioned that the involvement of the Foundation Consortium has played a positive role by providing the opportunity for different venues for building relationships. For instance, they sponsored "policy academy" meetings off site for two to three days at a time where state and county staff had a chance to come together to develop plans and to do team building.

APPROACH #4—Pooled Funds for Multi-Agency Children

Ohio—Franklin County Kids in Different Systems (K.I.D.S.)

Description

Franklin County public service providers have a long history of working together, growing out of a Governor's Executive Order 12 years ago, and subsequent legislation, that required interdepartmental cooperation around the needs of children involved in two or more systems. In Franklin County, agencies worked together on a few high needs kids, and shared costs across agencies informally. Then, three of the key funders—the county child welfare office, the alcohol, drug addiction and mental health (ADAMH) Board, and the mental retardation/ developmental disabilities (MR/DD) Board—decided to look more systematically at the amounts they were spending on these children, and to put the funds together into one pot. They started by looking at thirty children who were in out-of-county placements, and took funds that had been committed to residential placements by each of these three partners and put them into a pool to be used to bring those children back into the

community to be served in family or family-like settings. The pool is overseen by a K.I.D.S. Steering Committee, and managed by the staff of a K.I.D.S. Office. Office staff, or "team members" are responsible for coordinating services, and facilitate the formation of child/family teams that involve the family in developing individual service plans. The team members also work to broker services for the children, which involves figuring out how services can be funded under existing funding streams, and developing new services to be funded out of the pooled funds.

The goal of the K.I.D.S. project is to provide unconditional, individualized, family/child focused community-based service for the children served. When used for community-based services, the funds are now able to support services to nearly double the number of children, or fifty to sixty per year. The project now serves both children at imminent risk of out-of-home placement in a hospital, residential or other institutional placement and children moving from these restrictive setting to a family/family-like setting. Most of the children served, then, are not in state custody—the exception are older adolescents who are most appropriately being supported in independent living situations.

The K.I.D.S. project encompasses an early initiative called the 10 Kid Project. This project started when several providers organized the Youth Forum, and were provided with the equivalent of residential care funds for several children in return for providing an individualized package of community-based, family-centered services. The Youth Forum continues to contract with K.I.D.S. to serve a portion of the children covered under the pooled funds. The Youth Forum's contract creates a risk-sharing arrangement, where the providers share a portion of the savings and of the risk.

Collaborative Structures

The K.I.D.S. Steering Committee provides oversight of intersystem activities, and includes representatives from the five agencies contributing to the funding pool (the three mentioned above and Columbus Public Schools and the county Juvenile Court). The Steering Committee also includes other public agencies (the Columbus Health Department, Franklin County Schools, Ohio Rehabilitation Services Commission, Ohio Department of Youth Services), and others in the community, including the United Way, Youth Forum providers and parents. This group continues in the interdepartmental cluster tradition of working collaboratively across department lines.

The Steering Committee oversees the K.I.D.S. Office. The Office's administrator, fiscal manager and team members manage the pooled funds and services for children referred to their system. The Office administrator and fiscal manager are both public employees of county agencies who have been redeployed to the Project and who are paid out of the pooled funds. The ADAMH Board serves as a fiscal agent for the funds.

Funding

The basic pool of funds for providing community-based services came from three partners. They determined how much would be pooled, and determined which percentage of that total they would all contribute. Sixty percent of the pool is contributed by child welfare, 30% by the ADAMH Board, and 10% by the MR/DD Board. This percentage was based on the percentage of the referrals to the interdepartmental cluster that were coming from these different agencies. The Columbus Schools contribute funds towards administrative costs, and the Juvenile Courts also contribute, mostly in the form of funds for salaries.

The team members work to maximize the services that can be provided to children using existing categorical funding streams and the pooled, flexible funds. One strategy they have pursued is to use the pooled funds for a local match so that agencies that had been providing services paid for with 100% local dollars could provide those services under Medicaid, obtaining the federal match and hence maximizing the funds available.

The K.I.D.S. Office contracts with the Youth Forum to serve a portion of the children being served under the pooled funding, and shares both cost savings and risk with these providers. The provider group is able to keep 12.5% of the savings, and bears 100% of the cost of the first 10% in cost overruns, and a portion of the next 10%. The providers propose individualized service budgets for each of the children, and can then bundle the total funds they receive which allows them to shift funds across line items within an individual child's budget and across budgets.

Changes to Service System

The K.I.D.S. project has found that many of the services funded with the pooled funds are traditional categorical services, probably because there are several existing service categories that can be used flexibly. For example, case management services under Medicaid, called community support, can be used broadly to provide a range of supports to families.

The lead agencies that serve children under the K.I.D.S. project are required to submit reports that provide information on the number of targeted behaviors and episodes experienced by children whose care they are managing. The K.I.D.S. Office then publishes an annual outcome report which tracks these indicators. The staff, however, feel that the data is not as consistently reported or as useful as they would like it to be. They do, however, know that they are achieving their goal of providing services in the community for children who were in or on their way to out-of-home care. Data compiled by providers under the Youth Forum has shown that services provided under the 10 Kid Project have reduced the restrictiveness of the settings children are placed in.

Sustaining Collaboration

The current director of child and family services for the ADAMH Board and the K.I.D.S. Office Administrator attribute the successful interdepartmental collaboration in Franklin County partly to the long history of interdepartmental structures and work. Funds have been able to be pooled at the county level because they are raised on the local level, through a county tax levy. Staff feel that the public places a value on collaborative work, and strongly encourages the systems to work together to make most efficient use of available funds.

Oregon—Multnomah County Partners Project

Description

The Oregon Partners Project (OPP) was developed by state and county agencies with the support of funding from the Robert Wood Johnson (RWJ) Foundation's Mental Health Services Program for Youth (see Appendix A). The state and county agencies formed a consortium to pool funds and coordinate services for children with severe emotional or behavioral disorders and their families. The project has pooled Medicaid funds with funds from state and local child welfare, mental health and education agencies. Key program elements were case management provided by Managed Care Coordinators and flexible funding available to them through this interagency pool of funds.

The goal of the project was to develop child-centered and community-based systems of care. The project enrolled children who were 5 to 18 years of age, had a DSM III-R diagnosis and/or an SED designation from a school system, had some functional impairment in two major life areas for at least six months and were involved with at least two of the Partner agencies.

RWJ funding for the project ran through 1994, and this profile focuses on the project under RWJ funding, when it served approximately 150 children a year and operated with an annual budget of up to $2.5 million. The project has continued since then with encumbered

funds and a grant from the Casey Family Foundation, and project staff are negotiating for the project to continue in a changed local environment. The state is extending its managed care plan to include mental health services under Medicaid in Multnomah County, so there is an effort to coordinate implementation of this with continued operation of the more specialized and interagency managed care coordination for the very high needs children served under the Partners Project. This transition makes this initiative an even more important one to watch as planners consider how pooled funding for comprehensive services can be implemented in and enhanced by a managed care environment. One sign of this transition is that mental health services have been renamed behavioral health, so the current contact for the project is the clinical services director of the Behavioral Health Program.

Collaborative Structures

The OPP worked to coordinate services at both the systems level and the case level. Funding and program direction came from the main partners from four different systems:

Medicaid

State Office of Medical Assistance Programs

Child Welfare

State and Regional Children's Services Divisions

County Social Services

Mental Health

State Mental Health and Developmental Disabilities Services Division

Multnomah County Office of Child and Adolescent Mental Health

Education

Portland Public Schools

Centennial School District

On the state level, the project was governed by an Executive Committee of Directors of the State Office of Medical Assistance Programs (Medicaid), the State Department of Human Resources, the Children's Services Division and the Chair of the Multnomah County Board of Commissioners. A Program and Finance Committee met monthly and oversaw day-to-day operations of the project. It was composed of representatives from each of the partner agencies and key personnel from offices responsible for project administration.

On the local level there was an advisory committee made up of representatives of the local partner agencies and family members and service providers. A screening committee consisting of staff from partner agencies and mental health agencies determined who was eligible and could be enrolled in the project. The Project Office was staffed with a program director, a clinical director, 10 managed care coordinators, and a program development specialist, and also received consultation from psychiatric counselors. The managed care coordinators convene quarterly plan of care meetings, and monitor the ongoing provision of flexible services to children. They manage the funding pool available for their caseload, help create new services and make maximum use of existing resources.

Funding

The partners involved initially looked at the costs for the children the project was targeting within each of the systems. They then estimated how much it would cost to provide child-centered and community-based services for these children, and came up with a budget of $1,618/month per child. About 2/3 of the children are Medicaid eligible, and Medicaid contributes about 62% of the rate for these children. The project structured the Medicaid

financing as a prepaid health plan, which allowed the Medicaid funds that flowed to the project to be used flexibly to purchase wrap-around services for children. These Medicaid funds were combined with funds from the child welfare, mental health and education partners as indicated above. All of these Federal, state and county funds were merged with the RWJ funds to create the funding pool. The $1,618 per month was available to the managed care coordinators to fund flexible services for the children enrolled in the project.

Changes to Service System

The National Institutes of Mental Health provided funding for a comprehensive evaluation of the Partners Project, the first phase of which was completed in March, 1996.[8] The evaluation focused on and has made available significant data on service utilization and costs and on child and family outcomes. The evaluation defined non-traditional services as those which could not be covered by Medicaid and hence would not have been available to the OPP children if the program had not existed. 18% of the pooled funds were spent on these non-traditional services, with over 1/2 of this amount going to respite care services, followed by expenditures on transportation, educational assistants, and recreation. One-fifth of these non-traditional funds were spent on highly individualized services, such as participation in Big Brothers/Big Sisters, or paying for personal services agreements with providers not tied to specific agencies. A large portion of the traditional funds were spent on day treatment services, followed by individual treatment and family therapy. The evaluation compared children served by the project to a control group and found that OPP led to significantly greater improvements in service fit, social competence of the child, family empowerment and child and caregiver satisfaction with services. The evaluation noted that while systems changes were not a focus of the evaluation, "the fiscal cooperation of the Partner agencies in pooling their funds to serve the children enrolled in the project was unprecedented."[9]

Sustaining Collaboration

The current director of the project noted that the RWJ grant was a significant catalyst to bring the players together on both the state and the county level. She also credits as crucial the leadership and vision of the Commissioner of Human Services, who stressed the importance of getting key leaders who control policy and funds to sit down and work together. The involvement of supportive and creative budget staff was also seen as being helpful. Planning time was also seen as important—it took time to work out systems to allow unusual expenditures to be made, and to develop charting systems within mental health that met the demands of Medicaid. She also pointed out that it is important to be flexible over time as there are shifts in the funding sources available to an interdepartmental project like this one. One shift in Oregon is that education funds are increasingly being controlled by the state while control over social service funds is being pushed to the local level. Another shift, of course, is the move of Medicaid and mental health into managed care. Project staff hope that the project, reconstituted along with the changing environment, can continue to provide individualized services drawing on flexible funding in a managed care environment.

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[8] See Friesen, Barbara J. , et al, "Oregon Partners Project Evaluation: Final Report to the Office of Mental Health Services, Mental Health and Development Disabilities Division", (1996). The authors of this report note that they are completing new analysis on a second year of data, which will be available by the end of 1996.

[9] Friesen, Barbara J., et al, "Oregon Partners Project Evaluation: Final Report to the Office of Mental Health Services, Oregon Mental Health and Developmental Disabilities Division", (1996), p.47

OBSERVATIONS

How successful have these initiatives been? How have they gotten off the ground? And how have they been sustained over time? After addressing what we know about the effects and outcomes of these initiatives, this section will provide some observations, drawing on the eight profiles, about the organizational strategies that were used to initiate and sustain these collaborations over time.

Outcomes

The success of these initiatives is indicated by two factors—whether they have done what they set out to do; and what kind of an impact what they have done has had on outcomes for both children and families and for systems. All of these initiatives are tracking the operation of their initiatives, and some have varying degrees of data on outcomes. The Iowa and the Multnomah County, Oregon initiatives are the only ones with extensive evaluations, both of which were conducted with outside financial support, from a foundation and from the National Institutes for Mental Health, respectively. The Iowa evaluation looked at outcomes for families and for systems, while the first phase of the Oregon evaluation looked at child and family outcomes, and the specific system outcome of service utilization and cost. Missouri and Virginia both have evaluations of the first pilot sites of their initiatives. Missouri's looked at child, parent and community outcomes, while Virginia's focused on system outcomes such as new services and the perceptions of administrators and providers. Some other sites only have data on system changes, while others only have data on child or family outcomes. Maryland and Virginia have tracked some data on out-of-home residential placements, while Franklin County, Ohio's project is charting the behavior and episodes of children served by the initiative. West Virginia and California can report on a range of activities at their sites. Most of the sites indicated that they were working on developing better ways of evaluating their initiatives, and noted a pressing need to make progress in this area.

Overall it appears that these initiatives are doing what they set out to do. Maryland and Iowa, and to a lesser extent Virginia, have seen decreases in out-of-state residential placements, and have decreased or slowed the rate of growth in residential care placements overall. These states have also seen an increase in the amount of wrap-around type services provided to families. These sites, then, do seem to be shifting funds from more restrictive out-of-home placements to more supportive community-based services. The Ohio and Oregon initiatives are serving children who were in or on their way to residential care in the community in less restrictive settings. Missouri, West Virginia and California can point to a range of activity on the local level that contributes to more integrated services for children—including school-linked service sites, one stop shopping centers, consolidated health or child development programs, family resource centers, or interdepartmental teams.

The initiatives that are arranging for services directly have achieved their goals of establishing new services, and developing mechanisms to flexibly fund whatever a child or family needs. The overall budget of pooled funds that local teams, boards, or coordinators receive in Virginia, Maryland, Iowa, Ohio and Oregon are designed to be flexible, so they can be drawn on for a wide range of services. Iowa and Oregon are two of the sites that have good records of the new services that have been purchased through the resources that have been redeployed to community-based services. Iowa's flexible family assistance fund is broadly praised by workers for providing flexible funds to draw on. Recently, Iowa has set up a wrap-around services category which can be used to meet a broad range of needs. In Ohio, team members can offer families hours of community support or other kinds of case management. These new services and flexible funds are examples of how these initiatives are using the pooled funds.

Overall there is less evidence of outcomes, and of what difference these initiatives make to children and families, and to the service system overall. There is, however, some initial information available from two of the initiatives, and extensive evaluation data on two others. Missouri has completed an evaluation of the first Caring Communities site which has shown positive outcomes for children, while Virginia's evaluation of pilot sites showed positive outcomes for systems. Iowa's evaluation defined outcomes for both children and families and for systems. The evaluation reported on the impact of the decategorization projects on families. For example, it concluded that families served by sites with family resource centers are more knowledgeable about services and have more peer support networks. It also highlighted systems changes, like the new services and flexible funds available and increased interagency cooperation. Oregon's evaluation compared children in the project with a control group, and found that those served had, for instance, a much better fit between needs and services received, and increased social competence. It also provided information about the services funded with the pooled funds (see Profiles for more information).

Developing and sustaining pooled funding

Developing Pooled Funding Initiatives

- **Range of situations provide opportunity.**

  Looking across these initiatives, it is clear that a range of situations can provide opportunities to initiate a reform effort and the interdepartmental collaboration that can lead to pooled funding. The most common key element in starting the movement towards reform, in at least six sites, was leadership, coming from a commissioner, a legislator, or arising out of a high-level group of committed political, administrative and legislative leaders. Other factors include political pressure, which led to education reform and the creation of the Governor's Cabinet in West Virginia, and fiscal pressure, which contributed to the establishment of the Decategorization Projects in Iowa. In Oregon an outside grant served as the catalyst to initiate the collaboration, while in Ohio, the initiative grew out of the history of interdepartmental collaboration.

- **Pool funds at the level where targeted funds are raised and controlled.**

  Seven of these eight sites are or, in the case of California, are moved towards pooling funds on the state level. The only initiative in which funds are successfully brought together on the county level is in Ohio, where the funds that have been pooled are ones that were raised through county tax levies. It seems that funds are most likely to be able to be brought together at the level (either state or local) at which they are raised and controlled.

Sustaining Pooled Funding Initiatives

- **High level leadership**

  While leaders were involved in initiating the projects discussed in this paper, their involvement was even more likely to be noted as key to sustaining the collaboration over time. Seven of the initiatives pointed to the active vision, involvement and support of high level leaders as critical to their development. Commissioners, groups of leaders, or legislators who believed in the importance of collaborations have, in these sites, developed collaborative structures and processes. These new collaborative efforts, which include Cabinets, Councils or teams, have brought key players together across department lines in ways that have led to creative financing changes.

In six of these initiatives, Governors, while not initiating the effort, were brought on board or were supportive from the beginning, and this support is seen as being crucial.

- **Legislation**

  In Iowa and California, it seems that legislation was key in initiating the collaborations, and in Virginia and Maryland it seems that continued legislative interest has played a role in sustaining the collaboration. However, Missouri's initiative has not used legislation and staff feel that specifying arrangements in law would hinder the flexible experimentation necessary to find arrangements that work well. Virginia and Missouri are at opposite ends of this debate, with Virginia's initiative being extensively defined in law, while Missouri's initiative operates with only budget language that allows funds to be redirected.

- **Develop a vision and plan**

  All of these initiatives have established a vision, ranging from very broad goals articulated by Missouri and West Virginia to the narrower focus on better services for specific children pursued by Ohio and Oregon. They have also all developed specific strategies and plans to implement their vision. A strong sense of vision and purpose was credited with helping Missouri and Iowa, in a practical way, ensure that the funds generated by their refinancing efforts were retained for services for children and families.

- **Build collaboration**

  ⇒ **Build collaborative bodies on the state level**

  Of the seven state level initiatives, six had groups made up of Directors of Departments, six had Deputy Director level groups, and all seven had staff groups. All of these levels seem to have important roles to play in implementing a reform agenda. Directors set overall policy, and, as in Missouri's initiative, serve as "keepers of the vision". Deputy Director groups were often noted as being the groups that "did the work" to implement initiatives. The fact that seven of the initiatives have a staff group committed to the effort seems to indicate that this is a key ingredient in managing and sustaining collaborative work. West Virginia was one of the states that credited the existence of a small but committed staff group as key to their initiative's success. These groups have been organized and located in different ways:

  - **Director level groups:** Of the Director level groups, in three (Virginia, Maryland and Oregon) the group was created solely for the pooled funding initiative, in two (West Virginia and Maryland) a Governor's Cabinet is addressing the needs of children and families more broadly, and in one (Missouri) a Director level group focused broadly on child and family services brings Directors and community leaders together.
  - **Deputy Director groups:** Of the Deputy Director groups, five were composed of Deputy Directors and one (West Virginia) included Deputy Directors, community members and consumers.
  - **Staff groups:** Of the staff groups, two (Missouri and California) have staff in different departments who work on the initiative, two (Ohio, Virginia) have state or county staff redeployed to a central office, two (West Virginia, Maryland) have staff in a Governor's Office, and one (Iowa) has staff in one department. One initiative (Missouri) also has a jointly funded chief operating officer.

  ⇒ **Build collaborative bodies on the local level**

  On the local level, these initiatives generally have three tiered structure: a policy level collaborative, a service coordination mechanism, and providers who directly

deliver services to children and families. Again, these three levels seem to be key in implementing collaborative reform on the local level.

- **Policy level collaboratives:** All have policy level collaboratives that include representatives of public agencies and community members. In Missouri, there is a two level local policy structure, where Caring Communities Councils work on a neighborhood level around particular school-linked sites, and Community Partnerships cover a larger geographic region.
- **Service coordination mechanisms:** Service coordination mechanisms vary across the sites, and include the following:
  - family resource centers
  - "one stop shopping" centers
  - family assessment and planning teams
  - interagency case management teams
  - case facilitators
  - team members
  - managed care coordinators
- **Providers:** Many of these initiatives are working to develop capacity in community-based providers to provide new services or to deliver a comprehensive range of services. In Ohio, for instance, the team members contract with a group of providers who take responsibility for providing individualized and comprehensive services to children.

⇒ **Build on existing collaboratives**

Most states have numerous categorically based collaboratives, and realize the need to seek ways to integrate these efforts rather than creating other parallel collaborative bodies. California is consciously trying to address this by allowing counties to submit their Youth Pilot Project applications as the county plan that is required under the federal family preservation and family support act.

⇒ **Consider long term stability of collaborative structures**

A common problem of reform initiatives is that, when they are dependent on the leadership of a Governor, commissioner, or key legislator, they are vulnerable to changes brought about by elections. One strategy that Missouri and West Virginia are using to try to sustain their initiatives is to build collaborative bodies, on both the state and the local level, that involve community members and leaders along with public officials. Almost half of the members of Missouri's Family Investment Trust are business and civic leaders, and two thirds of West Virginia's Families First Council are community members and consumers. West Virginia's Family Resource Networks on the local level are made up of a majority of non-providers—or people who do not make a living from public service funds. These states see this strategy as helping to build a public commitment to the reform process outside of state government.

⇒ **Build relationships**

One of the factors noted as being important to sustaining collaboration was the fact that good relationships exist between state agencies, with community members, and nationally. While this is a function of the personalities involved, the relationships can also be cultivated over time and through processes states can establish. For example, Virginia's Council on Community Services for Youth and Families was credited with creating a forum in which interdepartmental understanding was built, and California's staff retreats helped build relationships.

⇒ **Build trust**

The existence of trust was credited as being important in sustaining some of these collaborations. West Virginia noted the need to develop relationships with different agencies consistently over time. Iowa felt that the Decategorization projects have grown because the state has kept its promises, allowing counties the flexibility and control of savings that decategorization promised.

⇒ **Be flexible as funding sources change**

Oregon pointed out that state policy about where funds are controlled can shift, making funds less available on the county level, or less accessible on the state level.

◆ **Involve key players**

⇒ **Involve key public agencies**

State have found that it is important to look across departments and involve those departments that control funds and programs that serve children and families. Seven of the eight initiatives involve collaboration among the key agencies of social services, education and mental health. Five also include representatives from health and from juvenile justice.

⇒ **Include budget staff**

Missouri, California and Oregon mentioned that involving and gaining the support of budget staff was a critical element that contributed to their progress.

⇒ **Involve parents**

The initiatives that set up teams to develop service plans for children all have a policy of including parents on the team. At least six of the initiatives formally involve parents in policy level bodies, on the state level (West Virginia, Virginia) and on the local level (for example, West Virginia, Missouri, Virginia, Maryland, Iowa and Ohio).

⇒ **Gain support from the private sector**

While only one of these initiatives was really started under the auspices of an outside grant, seven of the initiatives have been supported by grants from private corporations (Virginia), and from foundations (West Virginia, Missouri, Maryland, Iowa, California and Oregon).

◆ **Resources**

⇒ **Redeploy current resources**

The eight initiatives profiled in this paper illustrate the range of ways that states have found they can build collaboration by redeploying resources. Law and/or policy that require that funds be spent in a different way often force public agencies, providers, and other interested parties into collaborations. A few examples are listed below:

- Iowa's group care cap forced funds to be reallocated to community resources and forced players to deal with children who could no longer be sent away to residential facilities in a collaborative way.
- Virginia's law requires that communities form interdepartmental Community Policy and Management Teams in order to receive funds formally allocated to individual agencies for out-of-home care.
- Providers that want to serve children enrolled in Franklin County's K.I.D.S. project or in Multnomah County's Partners Project have to work with staff and team members who are committed to ensuring that the children and their families receive individualized, flexible services.

⇒ **Develop new resources**

Several sites noted that people follow the money, so that new money is a powerful tool that can be used to build commitment to a new program and a willingness to redeploy some of each agency's current funds to the initiative.

⇒ **Provide fiscal incentives**

These initiatives are providing those on the local level with different kinds of fiscal incentives to provide less costly, community-based services to children and families. The initiatives represent three different approaches to providing incentives:

- *State allows local policy collaborative to keep the savings:* In Maryland and Iowa, the state is allowing the local policy collaborative to keep all or a portion of the savings, or the difference between the amount budgeted or allocated to the collaborative, and the amount actually spent on services.
- *Local policy collaborative gives fixed dollar amount/child to service coordinators:* In Oregon, the Partners Project provided a fixed dollar amount per person to the managed care coordinators, who were expected to stay within that budget for services delivered.
- *Service coordinators shares savings and risk with providers:* In Ohio, the K.I.D.S. Office contracts with the Youth Forum to provide individualized services to a group of children, and the Forum shares a portion of the savings and part of the risk if their costs exceed the budgeted amount.

CONCLUSIONS

Reforming systems of care for children and families so that the services delivered are more preventive, coordinated, and driven by child and family needs is a daunting task, complicated by the desire that new services be developed collaboratively in local communities. Achieving these reforms requires a change in the way that providers and policymakers at all levels think about services. Iowa's evaluation noted that an important factor in bringing about this change was the opportunity for collaboration:

> *The experience of case facilitation and interagency collaboration was noted at several sites as the key ingredient in moving to the new way of doing business through decategorization.*[10]

A central feature of all of the initiatives profiled in this paper is that they are providing these kinds of opportunities for people to come together across department lines and work on common projects. On the local level, system reform projects and individualized service planning are creating services that are more integrated. From Family Resource Networks considering how a particular service could be improved in the community, to a case facilitation process in which the facilitators brings people together from across agencies with family members, public agency staff and community members are coming together to provide families with more comprehensive and community-based services. On policy levels, Department Directors, Deputy Department Directors, and staff groups are meeting together to plan and support the collaborative work going on in local communities. A key strength of these initiatives is that they provide these opportunities for collaboration, which in themselves help build interagency understanding and willingness to work together.

A key to developing comprehensive, community-based services will be finding ways to nurture and expand the kind of initiatives discussed in this paper. One factor that bodes well for their growth, and another strength of these initiatives, is their appeal to ideologues on both ends of the political spectrum. Two of the places that noted this bipartisan appeal were Virginia and California. In Virginia, the Comprehensive Services Act was passed with the strong support of a Democratic Governor, and has recently been expanded by the new Republican Governor. The Youth Pilot Project in California was pushed through the Assembly by a Democratic Assemblyman, but has received strong support from the Republican Governor, who recently allocated new staff positions to the effort. The idea of transforming services so that what is offered is driven by child and family needs appeals to those who want services to be more effective, and to those who want to see public services be more customer oriented. Reducing fragmentation and improving coordination appeals to those who know that this will result in better services and those who want to eliminate waste. The emphasis on local control and broad-based involvement appeals to those across the political spectrum who believe in empowerment of families and communities. This broad appeal has been demonstrated by some of the initiatives and can be used to develop and expand the scope of these collaborative efforts.

The overview of the eight initiatives profiled in this paper raise a number of questions that need to be explored further. We conclude by listing some of these questions, divided into four groups:

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[10] Kimmich, Madeleine et al, Iowa Decategorization and Statewide Child Welfare Reform: An Outcome Evaluation of Iowa's Child Welfare Decategorization Initiative, (1995), p.23

Approaches to Reform

Populations/funds to focus on: How can states best determine where to start along the continuum, focusing on a very broad population and set of funds, or on narrower populations and funding streams?

Locally driven: When does it make sense for reforms to be locally driven? What are the benefits of a ground up approach such as Iowa's, implementing slowly as collaborations are formed in areas, as opposed to a top down approach such as Virginia's, mandating collaboration in all communities? How can states balance the desire to allow communities to select funds that should be made more flexible with the fact that the funds probably should be pooled at the level where they are raised and controlled (often the state level)?

Administrative vs. service funds: Is it more effective to focus on redirecting funds to cover the administrative costs of collaboratives working to reconfigure local services, as West Virginia has, or to focus on redeploying service funds to be used for the cost of services only, as Virginia has?

Achieving Financing Changes

Redeploying current resources/developing new resources: What strategies are the most effective for states to use to bring about the redirection of current expenditures on services for children and families? How important is it to obtain new funding through maximizing federal entitlements or by pursuing foundation grants and private contributions in order to leverage this redirection? Missouri and Iowa have pursued refinancing through federal sources, while the catalyst for Multnomah County, Oregon's collaboration was a foundation grant. But several other initiatives have seen redirection take place with only small supportive grants. What is the potential of West Virginia's approach of bold and sustained direct negotiation with federal and state agencies, or of Virginia's approach of requiring redirection through legislation? What does the Franklin County, Ohio initiative tell us about the potential for redirection among agencies that have developed relationships through local collaborative bodies over time?

Leadership vs. legislation: While leadership clearly plays a major role in achieving changes, the role of legislation is less clear. When is legislation valuable, and when is it a hindrance to developing collaborations and making financing changes?

Leadership changes: What kinds of steps can reformers take to protect initiatives against the inevitable departure of high level leaders who play a key role in developing and sustaining collaboration? Does it make sense to build collaborative structures that involve community leaders and community members, as Missouri and West Virginia have?

Building collaboration: What specific steps can states take to help build trust and build relationships among agencies and with community members at the state level and at the local level? What processes can be used to develop a vision and a plan that draws people into collaborations and results in real action?

Implementing Financing Changes

Funds to work with: What specific state and local funds have been redeployed by collaborative initiatives? What can be done to make federal funds more flexible, and when does it make sense to pursue these sources? What sources of new resources does it make sense for states to pursue? For instance, when will a state benefit from refinancing through federal entitlements?

Technical assistance: What specific forms of assistance have helped or are needed to help local collaboratives develop new services or promote changes in the local service system?

Developing Accountability

Retain savings/set budgets: What role can allowing local collaboratives to keep and reinvest savings (as is done in Iowa and Maryland) play in promoting the development of new services? It seems that this could be a natural first step, followed by pairing this potential to keep saved funds with the responsibility of working within a set budget. What are the issues to be considered as sites move towards providing set budgets to local collaboratives or to providers, as the Ohio and Oregon initiatives are doing?

Outcomes: A crucial factor as states move to providing more flexible funds to local collaboratives is developing an ability to monitor how the funds are being used. To retain flexibility, it makes sense to focus on measuring outcomes. How can comprehensive, community-based service initiatives measure the results of their work? What specific factors should be looked at, and what systems need to be put in place to gather and utilize data?

As those engaged in collaborative projects develop better ways to measure outcomes, it may be possible to move beyond the small scale projects, like those is Ohio and Oregon, that currently operate with flexible funds provided in set budget amounts. We may be able to move towards Missouri's vision of local family maintenance organizations, which would receive flexible funds from a number of sources with the provision that certain outcomes are met in communities. Flexible funds and accountability for outcomes could allow local collaboratives the freedom and the responsibility to develop services that effectively meet the needs of children and families.

The eight initiatives profiled in this paper are demonstrating that it is possible to bring funds together across department lines and make them more flexible to support the development of more comprehensive and community-based services. These collaborations illustrate the range of approaches being taken to reform, and their experience indicates some of the factors that can help develop and sustain these initiatives. Policymakers engaged in these initiatives have used a range of creative financing strategies to support their reform efforts, and the challenge is to continue to find ways to redeploy current resources and develop new resources to encourage the integration and improvement of services provided to children and families.

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APPENDIX A

OTHER INITIATIVES

Other initiatives pursuing approach #1 – State Supports Local Collaborative
In addition to the initiatives described in this paper, there are many other states around the country that are pursuing this type of a reform strategy, in which an interdepartmental body on the state level encourages or requires the development of collaborative bodies on the local level to plan and oversee more coordinated services for children and families. Many of these states are aiming to work with the local collaboratives to redirect state and Federal funds currently being spent. Some of these states have set up these structures and established a goal of devolving responsibility for services to the local collaboratives. Others have worked creatively in conjunction with the private sector, bringing new money in and directing it to the local collaboratives. All of this activity is pushing towards the pooling of funds, and several of these states have legislation in place giving the state interagency Commission or Cabinet authority to move funds between line items and departments in the state budget and to waive regulations to make this happen. Examples of these initiatives include:

Oregon's Commissions on Children and Families: State legislation passed in 1993 creates a statewide Commission on Children and Families and local Commissions. The state intends to shift responsibility for human services to the local Commissions, who will take a wellness approach to developing more preventive services.

North Carolina's Partnership for Children: North Carolina has set up a non-profit organization called Partnership for Children which provides grants to local collaboratives formed to take responsibility for developing public-private partnerships to improving services for children in local communities. State money has been allocated to local collaboratives, and the Partnership has raised funds from state corporations.

Other states have initiatives that are taking this broad-based approach to reforming systems in ways that could lead to interagency pooling of funds. These include:

Washington—Public Health and Safety Networks
Colorado—Family Centers
Pennsylvania—System Reform Initiative
Minnesota—Family Service collaboratives
Vermont—Education and Human Services Collaborative
Georgia—Children's Plan

Other initiatives pursuing approach #2 – State Pools Out-of-Home Care Funds
At least one other state is pursuing this type of strategy. Tennessee began by jointly funding a single family preservation program to serve children in all state agencies, and then required that all out-of-home care funds from the four major departments be pooled. Under the Children's Plan, the state funds for children's services are managed centrally, which has allowed the state to maximize federal revenues, improve contracting procedures, and provide some flexible funds to local collaborative teams.

Other initiatives pursuing approach #4—State Pools Funds for Multi-agency Children

Both the Franklin County, Ohio's K.I.D.S. project and Multnomah County, Oregon Partners Projects are representative of a larger group of initiatives that are pursuing similar approaches to pooling funds to support comprehensive community-based services. In Ohio, Hamilton County and Stark County are two other places where funds have been pooled from across department lines. One of the factors that contribute to these innovative funding arrangements in Ohio is the history of interdepartmental cooperation around multi-needs children coming out of the interdepartmental cluster system. The project in Multnomah County, Oregon, was one of eight sites funded between 1980 and 1984 under the Robert Wood Johnson Foundation's Mental Health Services Program for Youth (MHSPY). Other sites with interdepartmental cluster systems and MHSPY grants are discussed below.

- **Interdepartmental Clusters/CASSP activity**: Ohio is one of several states with interdepartmental clusters that have set up collaborative structures on the county and on the local level, and that have been working at pooling resources and providing flexible funds for use by the local clusters. Some of these other states are listed below. This cluster system, and other state efforts to create interdepartmental teams or consortiums around the children's mental health needs, often grew out of the Child and Adolescent Service System Project (CASSP), which provided grants to states for children's mental health services, and which promoted the need for interdepartmental approaches. (*see* Van Gorder and Hashimoto)
    - Alaska's Youth Initiative
    - Hawaii's Cluster system
    - Indiana
    - Michigan
    - Vermont
    - Pennsylvania
    - West Virginia

- **Robert Wood Johnson Foundation Mental Health Services Program for Youth (MHSPY)** The eight sites funded under MHSPY between 1980 and 1984 have all focused on the population of children with severe emotional disturbance. A listing of the other sites is included below. (*see* Cole and Poe for complete descriptions). In addition, in 1993 the Foundation awarded ten small grants to assist states in replicating the MHSPY model.

  Many of these sites have aggressively pursued expanded Medicaid financing by setting up or expanding the use of Medicaid benefit categories (EPSDT, rehabilitation), and by obtaining match through Medicaid for previously unmatched state or local dollars. One (NC) has expanded use of IVE funds for training and for treatment foster care costs. The first five initiatives listed below have pursued a strategy to make Medicaid funds flexible—through the 1915(a) option (CA, WI, OH), through a 1915(b) waiver (NC) or through a home and community-based waiver (VT).

  These sites have all set up an interagency compact to work collaboratively on the state level, a consortium that works collaboratively at a local site, and an "organized system of care" that actually delivers services. Their goal is to have a centralized intake process and a common plan of care across departments for each individual child. (*See* Cole and Poe)
    - California (San Francisco): Family Mosaic
    - Wisconsin (Dane County): Project FIND

- Ohio (Cleveland/E. Cleveland): Connections
- North Carolina (Blue Ridge/Smoky Mountain area): Children's Initiative
- Vermont (statewide): New Directions
- Kentucky (Bluegrass Region): Bluegrass IMPACT
- Pennsylvania (Delaware County): Parent and Child Cooperative

Other Initiatives of Note:

- **Jointly planned and funded family preservation programs**: In a few states, family preservation services have been jointly developed across department lines from the outset. Robison and Binder write that "funds from multiple departments are pooled to operate intensive family preservation programs, that accept families from any referral source". They identify the steps that states have taken to facilitate this collaboration as including planning time for defining goals and involvement of decisionmakers from different sectors. (*see* Robison and Binder)
  - Colorado
  - Tennessee
  - Contra Costa County, CA
  - Hawaii

- **Robert Wood Johnson Foundation's Child Health Initiative**: This national demonstration project has provided funds to 10 sites to develop integrated health services for children. Newacheck, Hughes, Brindis and Halfon write:

  "The goal of the Child Health Initiative is to test the feasibility of developing mechanisms at the community level to coordinate the delivery of health care services and to pay for those services through a flexible pool of decategorized funds derived from diverse categorical programs."

  However, in a 1995 paper, the authors report that:

  "While intended to be the centerpiece of this demonstration, decategorization has, in fact, proven to be extremely difficult. Although some of the original sites have successfully created small pools of flexible funds, they are based primarily on voluntary contributions or local discretionary funds."

  (*see* Newacheck, Hughes, Brindis and Halfon)

APPENDIX B

STATE AND COUNTY CONTACTS

California—Youth Pilot Project, A.B. 1741

Sarah Graeber Chesmore
Special Assistant
Program & Fiscal Affairs
Health & Welfare Agency
1600 9th St., Room 460
Sacramento, CA 95814-6404
(916) 654-0658

Iowa—Child Welfare Decategorization Projects

Barry Bennett
State Decategorization Coordinator
Division of Adult, Children & Family Services, Dept. of Human Services
5th Floor, Hoover State Office Building
Des Moines, IA 50319
(515) 281-8164

Maryland—System Reform

Diane Madone
Division Chief, Budget, Fiscal & Government Relations
Governor's Office for Children, Youth & Families
301 W. Preston St., 15th Floor
Baltimore, MD 21201
(410) 225-4160

Missouri—Caring Communities

Kathy Martin
Chief Operating Officer
Caring Communities
221 West High St., 5th Floor
Broadway Building
Jefferson City, MO 65102
(573) 526-7833

Ohio—Franklin County K.I.D.S.

Beth Ullery
Chief of Youth, Adult & Older Adult Services
Franklin County Alcohol, Drug Addiction & Mental Health Board
447 East Broad St.
Columbus, OH 43215
(614) 222-3750

or

Robin R. Gilbert
Intersystem Administrator
Kids in Different Systems
1951 Gantz Road, Cottage 8
Grove City, OH 43123
(614) 275-2511

Oregon—The Partners Project, Multnomah County

Janice Gratton
Clinical Services Director
Behavioral Health Program
Multnomah County Office of Behavioral Health
421 Southwest 6th St., Suite 500
Portland, OR 97204
(503) 248-3999 ext. 4046

Virginia—Comprehensive Services Act

Alan Saunders, Director
Office for Comprehensive Services for At Risk Youth & Families
730 East Broad St., 5th Floor
Richmond, VA 23219
(804) 786-5394

West Virginia—Family Resource Networks

Steve Heasley, Consultant
Governor's Cabinet on Children & Families
Bldg. 1, Room 9
State Capital Complex
Charleston, WV 25305
(304) 558-0600

APPENDIX C

RESOURCE LIST

This list highlights written material that state and county officials may find useful as they work to identify and implement changes in the way funding streams for services to children and families are organized. We have included publications that:

- describe system reform initiatives with some discussion of financing changes
- focus on financing issues
- address organizational issues (barriers, interdepartmental collaboration, new governance structures, community development)

Under each topic, publications are listed by date, with the most recent publications first. See the Bibliography for additional material on specific initiatives and on reform strategies

System Reform Initiatives

Mapping and Tracking State Initiatives to Meet the Needs of Young Children and Families: A State-by-State Overview, 1996.

From: National Center for Children in Poverty

Summarizes the latest state-by-state information on initiatives that address the multiple needs of young children and families, on state investments, and on child well-being indicators. Includes maps, charts, and descriptions of state initiatives.

State Investments in Education and Other Children's Services: Case Studies of Financing Innovations, by Ira Cutler, Alexandra Tan, and Laura Downs, September 1995.

From: The Finance Project

This publication provides descriptions of initiatives led by state policymakers in seven states and includes a reflection of what the authors have seen across states. Included are:

- CA's Healthy Start and Youth Pilot Program,
- WI's Community Aids and Youth Aids,
- NC's Performance Budget system and Smart Start initiative,
- OR's Benchmarks and Commissions on Children and Families, VT's education and human services collaboration, and Education financing reforms in KY and MI.

A Compendium of Comprehensive Community-based Initiatives: A Look at Costs, Benefits, and Financing Strategies, by Cheryl D. Hayes, Elise Lipoff, and Anna E. Danegger, August 1995.

From: The Finance Project

This paper reviews fifty comprehensive, community-based initiatives to document what is known about their costs, the outcomes they produce, and the way they are financed. The initiatives described are representative of efforts underway in communities around the country.

Partnerships for Care: Interim Report of the Mental Health Services Program for Youth, by R. Cole and S. Poe, 1994.

From: The Washington Business Group on Health

This report describes the activities of the eight sites that received grants from the Robert Wood Johnson Foundation through the Mental Health Services Program for Youth. The program was designed to demonstrate the feasibility and effectiveness of comprehensive and coordinated services for children with severe emotional disturbances. Six of the eight sites have developed blended funding pools. Participating sites include: the State of VT and local projects in CA, KY, NC, OH, OR, PA and WI.

Reinventing Systems: Collaborations to Support Families, by Mia McDonald, 1994.

From: The Harvard Family Research Project.

This booklet documents state initiatives which are designed to reorganize child and family services so that they become more integrated and accessible. Included are:

- Healthy Start, CA
- The Governors Families and Children Initiative, Colorado
- The Governor's Cabinet on Children and Families, West Virginia

Experiments in Systems Change: States Implement Family Policy, by Judith Chynoweth, Lauren Cook, Michael Campbell, and Barbara Dyer, September 1992.

From : Council of Governor's Policy Advisors

This report documents the experience of the first ten states to participate in the State Policy Academy on Families and Children at Risk convened by the Council of Governor's Policy Advisors in 1989-1990. The report draws on all of the state experiences to identify the major challenges and opportunities for changing systems to benefit families. Participating states were: AK, CO, IL, IA, MD, NY, ND, OR, TX, and WA.

Financing Issues

Creating More Comprehensive, Community-Based Children's Services and Support Systems: The Critical Role of Finance, by Martin E. Orland, Anna E. Danegger, and Ellen Foley, November 1995.

From: The Finance Project

This paper describes the current structure of financing for child and family services, and presents alternative public financing methods that are being developed to support comprehensive service initiatives.

The Role of Finance Reform in Comprehensive Service Initiatives, by Ira M. Cutler, December 1994.

From: The Finance Project

This paper examines strategies for financing a variety of types of comprehensive reform initiatives underway around the country, and provides some observations about this activity.

Making Sense of Federal Dollars: A Funding Guide for Social Service Providers, by Madelyn DeWoody, 1994.

From: The Child Welfare League of America

This guide is useful background for officials considering creative funding strategies, since it provides clear, basic information on a range of federal funding programs geared to children and families. It includes descriptions of Medicaid, child welfare and social services funding, income support services, child day care, nutrition, health, mental health and substance abuse services, juvenile justice services and educational services.

Investing in Children and Families: Iowa's Efforts to Generate Funds to Reform Child Welfare Services, October 1994.

From: The Center for the Study of Social Policy

This paper describes in detail Iowa's initiative to use federal entitlement dollars (Medicaid, Title IV-E and Title IV-A) to better serve children and families. Of particular interest is the detailed discussion of how policymakers funded services within child welfare under Medicaid.

Reform Options for the Intergovernmental Funding System: Decategorization Policy Issues, by Sid Gardner, June, 1994.

From: The Finance Project

This paper presents a historical view of categorical funding for services to children and families, and explores options for policy and financing reform—particularly, decategorization with increased accountability.

A Strike for Independence: How a Missouri School District Generated Two Million Dollars to Improve the Lives of Children, May 1994.

From: The Center for the Study of Social Policy

This case study documents how this school district adapted the Medicaid program to generate new funds to support a comprehensive, programmatic agenda to improve outcomes for children.

Getting to the Bottom Line: State and Community Strategies for Financing Comprehensive Community Service Systems, by Frank Farrow and Charles Bruner, 1993.

From: The National Center for Service Integration; currently available through the Child and Family Policy Center, Iowa.

This publication describes financing strategies that promote more comprehensive, locally controlled and preventive services, and the principles behind these new service financing strategies. It includes descriptions of

- MD's Systems Reform Initiative
- IA's Child Welfare Decategorization Project

- TN's Children's Plan

Leveraging Dollars, Leveraging Change: How Five Sites Are Using Refinancing as an Entry Point for System Reform, July 1991.

From: The Center for the Study of Social Policy

This report summarizes the Center's work with five states and localities to help them use refinancing strategies (i.e., maximizing federal entitlements and redirecting current resources) as a vehicle for systems change.

Organizational Issues

Beyond Decatgorization: Defining Barriers and Potential Solutions to Creating Effective Comprehensive, Community-based Support Systems for Children and Families, by Martin E. Orland and Ellen Foley, April 1996.

From: The Finance Project

This paper is based on interviews with administrators or 18 comprehensive, community-based initiatives that focused on the barriers to their work and how they were being overcome. It identifies state level policy directions that appear to hold promise for overcoming these barriers.

Changing Governance to Achieve Better Results for Children and Families, June 1995.

From: The Center for the Study of Social Policy

This paper focuses on the emergence of local governance entities, and on the issues that arise as state agencies and local entities negotiate governance changes. Brief examples of state mandates for changes in governance and shifting of state and Local responsibilities (from MD and MO) are included.

Children, Families and Communities: Early Lessons from a New Approach to Social Services, by Joan R. Wynn, Sheila M. Merry, and Patricia G. Berg, 1995.

From: American Youth Policy Forum; available from the Chapin Hall Center for Children, University of Chicago

This report presents observations on the first 4 years of the Children, Youth and Families Initiative. This initiative is an effort to promote creation of community-directed infrastructures of services and supports. Its focus is on the power of neighborhood resources, or primary services, and the need to link them as full partners with traditional state-funded services.

Building Villages to Raise Our Children, 1993.

From: Harvard Family Research Project

This multi-volume resource stresses the need for staff within each service system to think about creating integrated service systems out of their disparate programs, and provides practical advice on managing collaborative efforts. Volumes cover the following topics: From Programs to Service Systems, Collaboration, Funding and Resources, Evaluation, Community Outreach, Staffing.

Together We Can: A Guide for Crafting a Profamily System of Education and Human Services, by Atelia Melaville and Martin Blank, 1993.

From: The U.S. Department of Education and the U.S. Department of Health and Human Services; available through the Institute for Educational Leadership

Outlines in detail a five step process for building coordinated, integrated services on the local level, based on the experiences of practitioners engaged in these system reform efforts. Ends with profiles of communities "moving towards the vision":

- Walbridge Caring Communities: St. Louis, MO
- Lafayette Courts Family Development Center: Baltimore, MD
- New Beginnings: San Diego, CA
- Youth Futures Authority: Savannah-Chatham County, GA

Thinking Collaboratively: Ten Questions and Answers to Help Policy Makers Improve Children's Services, by Charles Bruner, 1991.

From: The Child and Family Policy Center, IA

This guide uses a question and answer format to consider how best to foster local collaboration that truly benefits children and families. It covers the basics of collaboration, top-down and bottom-up strategies, and important collaboration issues.